

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired. Morning business is now closed.

BALANCED BUDGET AMENDMENT TO THE CONSTITUTION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of House Joint Resolution 1, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 1) proposing a balanced budget amendment to the Constitution of the United States.

The Senate resumed consideration of the joint resolution.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, we are now on our third day on the balanced budget constitutional amendment. I think the debate has been interesting. There have been a lot of points made on both sides of the floor, and I can see there are people anguishing over which way to go on this amendment.

I suggest that the American people are about fed up with the profligacy of Congress. They see us just spending this country right into bankruptcy. They see no real curtailment. They have seen a series of legislative approaches that were supposed to solve this problem, all of which bite the dust the minute 51 percent of the Senate and the House vote otherwise.

It is clear that for all the good intentions that we have had through the Harry Byrd amendment, the Gramm-Rudman-Hollings legislation, and the current approach toward budgeting, nothing has worked because there is no mechanism in the Constitution that requires us to make priority choices among competing programs.

It is really difficult because I see all over Capitol Hill today people from all over the country, from every State, arguing for their own special interest. That is the way the system should work, because the people ought to have a right to come see their elected representatives and argue for their own special interests.

But some mechanism must be supplied to enable us to say to some of them: "Your interest is worthy, but we don't have the money." And it is not as worthy as a whole raft of other interests that we have to take care of, among which would be Social Security, Medicaid, Medicare, veterans pensions, and the whole variety of entitlement programs that we think are so worthy that they automatically escalate every year, regardless of what we in Congress do.

I think anybody sitting here ought to stop and think why this balanced budget amendment is a wise and good thing. And the number one reason I would say

that it is is because it would force us to have to look at all programs, it would force us to be able to choose and make priority choices among programs on order of merit. It would not force us to go to a balanced budget, but it certainly gears us toward going to a balanced budget and provides different incentives that will lead us to a balanced budget.

I have had a number of senior citizens come to me in my home State of Utah and as I have traveled all over the country, and they say: "Senator HATCH, we hope you'll protect Social Security." And they always start that way and they know that I will. And I assure them that virtually every Member of Congress will. But invariably, these seniors will say:

"But we know that in order for us to have protection of our ability to live, we have to consider our youth of today, we have to consider our budget problems, we have to consider what is right for America, we have to consider how we live within our means in our country or what we get will not be worth very much, and we will not be able to live on Social Security no matter how much it is.

"So, Senator, please as you try to protect Social Security, also give us protection against the Federal Government spending us into bankruptcy, spending beyond our means to pay for things we cannot afford."

Senior citizens are not dumb. They know what is going on. Most of them have lived through this life, most of them have had to pay their bills all their lives. Most of them understand what it is like, and most of them are worried that sooner or later there is going to come a reckoning unless we get our fiscal house in order.

On the other side of that coin, I have had a lot of young people come to me, young college students, young people who are starting to think about what their futures are.

Invariably, they say, "Will our future be as good as yours was when you were in college, Senator HATCH?" And for the first time in the history of this country a lot of parents are starting to become depressed because they realize we can no longer say that their children will have as much opportunity to progress and have better lives than they had, like our parents were able to say to us.

These young people are not stupid. They know, taking Social Security, when it came into existence back in the forties, that there were about 46 workers for every person on Social Security. They are not stupid. They know that is now down to just a little more than three workers for every person on Social Security, and that our senior citizens are living longer and growing in number. They know that we are going to that ratio reduced to probably two persons working for everybody on Social Security.

Yet, what kind of a nation would we be if we did not take care of those who

have worked so hard to build the Nation and who now cannot work, who are senior and who need to be cared for and helped, and who deserve to be helped because of their paying into the system all their lives?

It does not escape these young people that their future is going to be very limited because the cost of Social Security, of course, with COLA's, keeps going up, and the work base keeps going down. They also know that complicating it all is a profligate Federal Government, a profligate Congress. Year after year, Congress after Congress, has no real incentives to get spending under control.

I know Members of this body who are liberal, with whom I have served for the whole 19 years I have been here, who in that whole 19 years have never asked the question: Where are the revenues going to come from to pay for these programs? They never once, never once have considered that an important question. They continue to ignore that unless we have a balanced budget amendment, which would help us to put our fiscal house in order, help to solidify the value of the dollar, and help the future of our children and our young men and women, we are going to have to face our fiscal irresponsibility.

I know some here who have never once said, "Where are we going to get the funds?" Would it not be better to support this amendment, rather than their favorite program, which is not as important, rather than to go into bankruptcy or to go toward a system where we ultimately monetize the debt, where the dollar becomes worthless, where inflation gallops, and where our senior citizens really are left high and dry, as well as our youth and their future?

This last election was about these issues. I may not have articulated them very well, but I have tried to show that our senior citizens are not stupid. They understand that we have to, sooner or later, live within our means or their Social Security and their retirements will not be worth very much.

Our young people are not dumb either. They know there is a diminishing work force and the whole burden of taking care of our senior citizens is going to be on their shoulders, and they want to do it. But will they want to in the year 2014 and 2020 if we do not get spending under control, and we keep loading them up with all kinds of other loads like we do?

Why, the committee I used to chair, the Labor and Human Resources Committee, has over 2,000 Federal programs, some of them very duplicative. There are 154 job training programs that this wonderful series of Congresses has enacted over the years to show that they are really empathetic and considerate of those who need job training. Many of those programs are duplicative, many of them overlap. We ought to have one major program for job training, and it ought to work.

What about welfare? It has been estimated by some that by the time the billions and billions of dollars in welfare are laundered through the Federal bureaucracy, those on welfare only get about 28 cents out of every dollar. We eat it all up right here in Washington, DC.

Is it not time to face this? This is what this last election was all about. It was 85 percent of the American people saying: We have had it up to here with Congress. We think it is time for Congress to start living within its means, and we are for a balanced budget amendment that will help Congress to live within its means.

We are not asking for drastic measures here. We are saying that the budget must be balanced over a period of 7 years, to the year 2002, which everybody here knows could be done if we had the will to do it.

It is nothing inordinate or difficult to do if we have some incentives to do it. But until we do, I guarantee you that those who never ask where the moneys are going to come from to pay for these excessive pieces of legislation, and they are in both parties, are going to continue to spend just the way they have always spent. I think they are more in one party than in the other, but nevertheless there are some in both parties.

Mr. President, the greatest economic threat this country faces is out-of-control Federal spending. The single most useful thing this Congress can do is to enact a constitutional requirement that Federal spending not exceed Federal revenues each year, starting in the year 2002. The only exceptions would be when a declaration of war is in effect—we all understand that—when the United States is engaged in military conflict causing an imminent threat to national security, or in those instances where three-fifths of the whole number of each House of Congress votes for a specific deficit but will have to vote, which is going to be a very important aspect of this amendment.

Interest on the national debt is currently about \$300 billion a year, amounting to approximately 20 percent of the total Federal budget. These deficits directly affect every American.

For example, every dollar we must spend on interest payments on the national debt is one less dollar available to tax relief for hardworking citizens in Utah, Illinois, New York, California, and all across this country.

As another example, continuous large Federal deficits force the Federal Government to borrow huge sums of money, keeping interest rates high and driving them even higher. Hard-working Americans looking to finance their first home or to buy a more suitable home face higher mortgage rates. As a result, fewer homes are sold. Home builders and their suppliers lose business and have to reduce their work forces. Businesses associated with the housing industry, from realtors to title

researchers, are all similarly affected. These are not abstract matters we are talking about.

Opponents of the amendment ask about the consequences of its passage. We are addressing those questions. I do not see how anybody could not understand that you cannot just continue to spend more than you take in. But these same opponents wish to ignore the consequences of failing to pass the amendment. The American people spoke in this last election, but the people here in the Senate, some of them, have not heard them yet. I think they need to speak more in each of these States.

What are some of the other ways huge Federal deficits affect our constituents? The cost of consumer credit goes up. That includes the cost of everything from automobiles, washing machines, televisions, to even much smaller goods paid for with credit. Hard-working Americans work more but can afford less. And the slowdown in consumer spending will result in work force reductions in those consumer industries. We just cannot go on like this.

The unwritten rule in this country until just a few decades ago was for the Federal budget to be balanced except in wartime. That was the unwritten rule. We abided by it for a century and a half. For much of our history, the legislative process reflected the norm of a balanced budget. But as the role and size of the Federal Government expanded, Congress became unable to control spending. New spending programs have been added over the years, many of them starting small but always growing larger, and even larger.

Today, the problem is this: Every single spending program, no matter how small, has a divine set of beneficiaries. The beneficiaries of each spending program are able to make their voices heard whenever they sense a chance that their program may be cut or eliminated. Even Federal programs of a few hundred million dollars can generate intense lobbying by the program beneficiary. This occurs for dozens upon dozens, even hundreds of Federal programs.

Taxpayers are rarely heard about in the spending on any given single program. They do not realize this is all going on. The cost to an individual taxpayer of even large Federal programs is diffused among the large number of all taxpayers. As a result, the interest of the taxpayer in cutting or eliminating a particular program is rarely heard as loudly or as often as that of the program's beneficiaries. The taxpayers are at an enormous disadvantage, the way things are presently set up, without this mechanism in the Constitution.

This spending bias is the reason we need a structural change in how Congress does business, a change we must make to our fundamental charter in order for it to be effective. Only a constitutional balanced budget provision will impose fiscal discipline on Con-

gress. Only a balanced budget amendment to the Constitution will force spending programs to compete against each other and hold down overall Federal spending.

The other body for the first time in history has acted in a bipartisan manner. Our efforts here in the Senate, those who support this amendment, are bipartisan.

I particularly appreciate the great leadership of our distinguished colleague from Illinois and his willingness to stand up on this issue, his articulation of why it is so important. I look forward to listening to him this morning as soon as I have completed these few remarks I have. We are working in a bipartisan way, and there are others. Senator HEFLIN, Senator DeConcini has worked very hard, Senator BRYAN, a whole raft of Democrats have worked very hard on this amendment. We have many over here, from Senator THURMOND to Senator CRAIG, right on down the line to every one of our new Senators on this side.

I think the Senate dare not act on the basis of politics as usual. We just cannot do that this time. I do not think we dare just favor the status quo, just continue spending with no mechanism to stop it, no mechanism to deter it, no mechanism to encourage us to do what is right. I urge my colleagues to vote for this change, the kind of sea change America voted for in this last election.

I hope all our American citizens out there are listening to this debate because they need to get with their Senators. They need to get with their Senators and make sure they are going to support this balanced budget amendment. Nothing short of a public outcry, a public effort—phone calls, letters, meeting them in their offices, getting them at home, letting them know how you feel—is going to make the difference here. We think that is what has made the difference thus far. That is why we are here. That is why the House of Representatives has voted, for the first time in history, 300 to 132 for this amendment. That is why we brought up the House resolution which is identical, except for one comma, to our resolution that Senator SIMON and I have brought to this body.

I hope we will all vote for the kind of change the American people are calling for. I hope we will give our young people a future like we had. I hope we will give our senior citizens the protections they have earned and that they need. Let us quit demagoging this issue of Social Security and realize if we exempt Social Security we will open up such a loophole that they will change the definition of Social Security, and the Social Security trust funds will be raided day in and day out by these big spenders in Congress because it will be the only way they can continue business as usual, the status quo, the spending practices that have just about wrecked this country.

Mr. President, I really look forward to hearing my dear colleague from Illinois, who has been a great leader in this battle. So I yield the floor.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Illinois.

Mr. SIMON. Mr. President, while I have been engaged in some dialog on the floor on the balanced budget amendment, I have not spoken. I want to take this opportunity just to spell out clearly why we need this change in the Constitution.

I thank Senator HATCH for his leadership, and also others on the other side, Senator CRAIG, who has been a real Rock of Gibraltar on this. Also Senator THURMOND through the years has been providing leadership.

On our side I want to pay tribute to a former Senator, Dennis DeConcini, who was very helpful, Senator HEFLIN, Senator BRYAN, Senator GRAHAM, Senator ROBB, Senator KOHL—I could mention others. I am grateful to them all.

Leading the opposition is our colleague, Senator ROBERT BYRD. I want to make clear that, while he and I differ strongly on this issue, there is no lack of respect on my part for Senator BYRD. He is one of the most valuable Members of this Senate today, one of the most valuable Members in the history of the Senate. I agree with him on this, that this is an issue beyond politics. What we have to look to is the future of our country. Forget the polls, forget party affiliation, forget everything else. How can we best serve the country? I believe strongly we can best serve the country by passing this constitutional amendment.

What is our problem? We have both an economic problem and a political problem. The economic problem, first of all, is very clear as you look at the history of nations. If we do not get a hold of this—and if everyone forgets everything else I say just remember this—the history of nations is you pile up debt and if there is no restraint then you do what the economists call monetize the debt. You start the printing presses rolling and you go from there. And that is where we are headed. As you look into the next century and you see the percentage of deficit versus GDP, that is unquestionably where we are headed. We can take a gamble that we can be the first nation in history not to follow that path, but it is a huge gamble on the future of our country.

Listen to Adam Smith in his "Wealth of Nations," published in 1776, the year of our Declaration of Independence. He writes:

When national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid. The liberation of the public revenue * * * has always been brought about by a bankruptcy * * *. The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised * * *. The creditors of the public are really defrauded. Almost all States * * * ancient as well as modern, when reduced to this necessity have * * * played this very juggling

trick * * *. The Romans at the end of the First Punic War reduced [the value of] the coin by which they computed the value of all other coins * * *. The [Roman] Republic was in this manner enabled to pay the great debts which it had contracted with the sixth part of what it really owed.

In other words, your dollar, if I may use a current analogy, \$1 became worth one-sixth of what it was worth. What does that do to the Social Security trust fund? It just devastates it. What does it do to family savings? Devastates them. What does it do to the economy of the country? Devastates it. What does it do politically? It causes chaos. We do not know where we are headed on this.

For those who say that just is not going to happen, do not take my word for it. Take a look at what the OMB put forward last year as part of the budget. This table is taken directly from there: "Lifetime Net Tax Rates Under Alternative Policies."

I was born in 1928, so you go down here to this line—to 1930—and you see that before we passed the August 1993 budget reconciliation bill, I would have spent in my lifetime 30.5 percent on taxes. It is not changed much by the reconciliation bill, 30.6 percent; with health care reform I would spend 30.9 percent, or a lifetime of roughly 30.9 percent with or without health care reform.

But then look down here, to the line for "future generations." The grandchildren of ROBERT BENNETT and JOHN ASHCROFT and PAUL SIMON and the people who work here: future generations.

What does it say about the budget reconciliation—spending 93.7 percent of lifetime earnings in taxes? After budget reconciliation, 82 percent of lifetime earnings, with health care reform, would have gone to 66 percent, or without health care reform, because it did not pass, 75 percent. That is just not going to happen. No one is going to spend 75 percent of their lifetime earnings in taxation. What you do is you start the printing presses rolling.

One of the great fights early in our history was taxation without representation. Talk about future generations and taxation without representation—what we are doing is living on a huge credit card saying send the bill to our children and grandchildren, send the bill to the pages who are here, and send the bill to my three grandchildren, the oldest of whom turned 5 just the other day.

Thomas Jefferson was the first person to advocate a balanced budget amendment to the Constitution. He was not here in the United States when the Constitution was written. He came back. And, when he came back, he said, "If I could add one amendment to the Constitution it would be to prohibit the Federal Government from borrowing money." He had an absolute prohibition. We have some flexibility.

We say with 60 percent growth you can have a deficit. But the history of nations is clear. There is a book written by a man named Michael Veseth,

published by Oxford University Press, entitled "Mountains of Debt." It goes into the history of modern city states, and starting in the early 15th century. He comments on Florence and other city nations at that point. He says:

The fiscal imperatives caused by huge debt drain away the capital that might have helped Florence adjust to the new world economy and growth in the future. By 1494, the future pattern of the Florentine economy was set, and Florence's years of economic power and influence were over.

Again, we can take a chance that we are not going to follow the path of Florence, of all the other nations since but we are taking a huge chance.

This is what is happening in terms of our expenditures in inflation-adjusted percentages. What has happened between fiscal year 1980 to fiscal year 1994 is that education—we all make speeches how important education is to our future, and the Presiding Officer and I were talking about that in committee the other day—education is down 13 percent; transportation is down 2 percent; get over here to defense, a lot of people think that is the biggest growth item, 18 percent growth; entitlements have grown 50 percent largely because of growth in numbers and because of health care reform; get over here to gross interest, it has grown 120 percent.

I do not care whether you are a conservative, liberal, Democrat, or Republican. The expanding increase in percentage of our tax dollar on interest just is not rational. We simply have to do better. What is happening to our country in terms of economic independence? If the Simon family gets too deeply into debt, you start losing your independence. The same is true for a nation. Right now we know, because we require public disclosure, that 17 percent of our debt, or a little better than \$800 billion, is held by other countries, and people in other countries.

In addition, many countries do not permit their citizens to hold foreign bonds. So there are some countries where the citizens use some other person as a front, and, in fact, hold U.S. bonds. So it is in excess of \$800 billion. There was a time when people said about the deficit, "We owe it to ourselves." That is no longer true.

I can remember when I was in the House and I opposed an arms sale to Saudi Arabia. I can remember a Treasury Department official coming into my office saying, "Please do not vote against this arms sale to Saudi Arabia because among other things Saudi Arabia holds a lot of our bonds." That is what is happening.

Let me give you a bit of history that a lot of people have not paid attention to. In 1956—my colleague from Utah is old enough to remember 1956 along with me—President Nasser of Egypt grabbed the Suez Canal, and just before the 1956 election when President Eisenhower was running for reelection, the British, the French, and Israelis ran through and seized the Suez Canal.

They believed I think because they were our good friends and allies, and because it was just before the election, that the United States would not do anything. We did not send a soldier anywhere. Because the British were deeply in debt, we threatened to dump the pound sterling. And, without firing a shot, they withdrew. You lose your independence when you get too deeply into debt.

Let me use a more practical illustration. Let us say Senator JOHN ASHCROFT was not a Member of the U.S. Senate but the president of the First National Bank in Carbondale, IL, and I went to him, and I said "Mr. President, I would like to borrow more money than I take in this year. Will you lend me some money?" And he would do it for 1 year, and maybe 2 years, and maybe 3 years. But at some point a prudent banker is going to say I had better put my money somewhere else.

We have gone to the international bankers for 26 years in a row saying we want to borrow some money because we want to spend more than we take in. And at some point prudent international bankers are going to start saying no. We do not know when that point is going to be reached.

Lester Thurow, one of the Nation's great economists, says at some point international bankers are going to say no to us. He said the question is not if they are going to say no. The question is when they are going to say no.

Alan Greenspan testifying the other day said:

In today's more open and integrated international capital markets, it is easier to finance investment abroad. But this does not mean that we should view the pattern of U.S. external deficits as sustainable in the long run. Looking back at the history of the past century or more, the record would suggest that nations ultimately must rely on their domestic savings to support domestic investment.

The New York Federal Reserve Bank did a study from 1978 to 1988 of what the deficit has, of what our lack of savings primarily caused by the deficit has cost us. They came to the conclusion that in that 10-year period we lost 5 percent growth in GDP, in our gross domestic product; 1 percent, according to the Congressional Budget Office, is 600,000 jobs.

That means a loss of 3 million jobs. The General Accounting Office, in June 1992, issued a very significant report, in which it said if we do not get ahold of things, we are going to have a gradual decline in our quality of life and our standard of living. If, by the year 2001—that was the year at which they put it, and this year we are talking about 2002 for balancing but it basically holds—if by the year 2001 we balance the budget, then by 2020 the average American will have a real growth in quality of life and income of 36 percent. Those are huge numbers.

If we do not adopt this balanced budget amendment, we are headed toward continual decline. We did, to the

credit of President Clinton and, I think, to the majority in this body and the other body, pass a budget reconciliation bill in August 1993 that has helped. Our colleague Senator Robert KERREY described it as a modest improvement.

I am going to switch charts here. It shows clearly that we have reduced the deficit here, but it is also clear we are headed way, way up, far beyond anything we have known in terms of deficits. Let me quote just a few sentences from the GAO, and these sentences are taken from different parts of the report. But, I am not, I believe, taking anything out of context and distorting what they say.

Early action to reduce the deficit pays huge dividends in lower interest costs. Must come from program cuts or revenue increases. The more rapidly interest costs can be brought down, the less sacrifice is required.

They also say,

To prevent stagnation in the living standards for future workers, if deficits are not reduced, the Government will have no fiscal flexibility to increase its investment in better infrastructure, technology and skills. Large and continued deficits are likely to seriously inhibit the growth of the economy under current and present foreseeable economic conditions. Inaction is not a sustainable policy.

They predict "a deteriorating American economy, if we do not get ahold of it. Action that is stronger and taken sooner yields greater long-range benefits."

They include a study of Japan, Australia, Germany, and the United Kingdom. They all had deficits, along with the United States, in 1981. All but Australia's was significantly greater than the United States deficit. By 1989, Japan, Australia, and Germany had surpluses. Great Britain had a deficit about 2 percent of ours, while ours had grown substantially.

Eliminating the budget deficit and, if possible, achieving a budget surplus should be among the Nation's highest priorities. Because of the accumulating burden of interest and the mounting public debt, it is important to move rapidly.

Take the report we got a few days ago from Data Resources, Inc., one of the two most prestigious econometric forecasters in the Nation. I will quote a little bit:

A balanced budget would be a major boost to the long-term growth of the U.S. economy.

Over a 5-year period—

We are talking really about a 7-year period now.

this can be done with few problems. Today, when the Fed is trying to slow the economy anyway, would be a good time to start. Balancing the cuts would require real interest rates to drop to their lowest levels since the 1970's.

They predict a drop of 2.5 percent in the interest rates if we move on this. The Wharton School, the other prestigious group, predicts a drop of 4 percent. I do not know who is right, but

even if it is half those figures, that is tremendous.

Mr. BENNETT. Will the Senator yield for a comment?

Mr. SIMON. I am pleased to yield to my colleague from Utah.

Mr. BENNETT. Mr. President, I have taken to writing out a simple equation for my colleagues on this side, and I would be delighted to have the Senator adopt this on the other side. I take a piece of paper and I write simply "1 percent equals \$48 billion." People say, "What does that mean?" I say, "When you have a national debt of \$4.8 trillion, 1 percent of \$4.8 trillion is \$48 billion. If we lower the cost of funding that \$4.8 trillion debt by 1 percentage point in interest rates, we save \$48 billion every year."

The Senator has just told us, Mr. President, that the balanced budget amendment could lower the interest rates by anywhere from 2 to 4 percent. We are talking, if the Senator's information is correct, anywhere from \$100 to \$200 billion a year in savings on the interest rate alone. I think it should be stressed that the Senator has touched a point here that often gets overlooked. We talk about spending cuts, we talk about tax increases. Do you know how painful it will be in this body if we say we have to increase taxes \$200 billion a year to balance the budget? Or that we have to cut spending \$200 billion a year to balance the budget? If we can get somewhere between \$100 to \$200 billion a year in savings simply on the interest rate alone, we will have done more than a good day's work.

I thank the Senator for raising that issue of the impact of interest rates on the Federal economy.

Mr. SIMON. I thank my colleague. Just to buttress what he has said, Data Resources, Inc., said this, and I will read the full paragraph:

The positive elements of balancing the budget become clear in the longer run. The elimination of the deficit would relieve strain on financial markets, allowing lower interest rates and bond yields. The lower interest rates and reduced borrowing would cut interest costs for the federal government; in fact, by 2002 half the savings [that we are talking about we need] in our budget simulations come from lower interest costs.

And in addition, you would have, according to their projections, 2½ million more people working. You are going to have more housing starts, more industrial investment, and everything else.

Alan Greenspan, again, testifying the other day, said:

But the influence of a fiscal imbalance of the federal government on capital formation is broader than inflation. The federal deficit drains off a large share of a regrettably small pool of domestic private saving, thus contributing further to the elevation of real rates of interest in this economy.

It is very clear. I have to acknowledge that Dr. Reischauer has testified against the balanced budget amendment. But in his testimony of June 17 of last year, I will quote a few things:

*** we and other economists can see clearly that national saving is too low, no matter how it is measured, and that federal deficits contribute significantly to low saving. It is equally clear to us that reducing federal deficits offers the most reliable way to remove the threat that low national saving poses to the growth of living standards.

*** history has shown repeatedly that sustained growth in living standards is achieved most reliably through national saving.

And then they have a chart on what is happening in national savings, our savings rate. From 1960 to 1969 we average an 8-percent savings rate; from 1970 to 1979, 7.1 percent; from 1980 to 1989, 3.8 percent, and going down. No other industrial country has anything like that in the way of savings rates that bad.

The main cause of the decline in the national savings rate is rampant Federal deficits after the 1970's *** federal deficits could be responsible for between one-half and two-thirds of the decline in the national savings rate, depending on how they are measured, with a reduction of private saving accounting for the rest of the decline.

And so it goes on. Here is one other quote in here I wanted to give you:

*** deficits will soon rise again and keep national saving too low to prevent further slowdown in the growth of living standards.

I will show you one other chart. This is what happened in the deficit over the years. We are down here, and you will see 2 years in a row where it is being reduced, and it comes back up here a little bit, and then it goes down off the chart. It is going to go beyond the floor. We are not going to put that one on the chart. That is what is happening in our country.

Some of us had the chance to work with Roger Porter when he worked in the White House. He is now is a professor of government at Harvard.

He says:

The second reason for passing the balanced-budget amendment is moral. Persistent public borrowing, largely for the purpose of current consumption, is analogous to one generation throwing a party and saddling the next generation with the bill. We view such behavior on the part of individuals with disdain and contempt. One is hard-pressed to find moral justification for such behavior, whether individual or collective.

Roger Porter is correct.

I heard about the Louisiana Purchase, that we cannot pass this because we could not have had the Louisiana Purchase. First of all, it is interesting that in Jefferson's first term, he cut the Federal debt in half.

But the Louisiana Purchase was signed May 13, 1803, in Paris—and, frankly, they did not have any authorization to do anything like that—and 2 months later, in July, we learned about it here in Washington, DC. It was for \$15 million at 5 percent.

Do you know what the main complaint of Secretary of the Treasury Albert Gallatin was at that point? He complained because the bonds were such that they could not start paying them back for 15 years. That was the big complaint.

We say, you can have a deficit if you have a 60-percent vote. What was the vote in the Senate and in the House on the Louisiana Purchase? There were two votes in the Senate, 24 to 7 and 26 to 6, far more than the 60 percent. In the House, it was 90 to 25, far more than the 60 percent.

There is simply no justification for saying we could not have done something like the Louisiana Purchase.

And then, my friends—and I feel strongly about this—we are having a squeeze on social programs. This fiscal year, we will spend \$339 billion on interest; next year, \$372 billion.

I might add—and I give credit to my colleague, Senator FRITZ HOLLINGS, for teaching me this—in only one area do we subtract the earnings of the Government. Administrations like to come up with net interest. It does not look so bad. The real figure is gross interest.

It is like the Department of Justice subtracting all the money collected from their total bill, or the IRS doing that. That is just not the way we do it.

But what does \$339 billion mean? It means that this year we are spending 11 times as much on interest as education. Oh, we make great speeches about education, but we are not funding it like we should. In fiscal year 1949, we spent 9 percent of the Federal budget on education. This year, we will spend 2 percent of the Federal budget on education. Interest is squeezing out our response.

I heard Senator BENNETT JOHNSTON yesterday say that in an exit poll, when people were asked what the Federal Government spends money on, 27 percent thought the big item was foreign economic assistance. We will spend this year 22 times as much on interest as on foreign economic assistance. We will spend almost twice as much on interest as on all the poverty programs combined.

Listen to what my House colleague, Congressman JOE KENNEDY, who is one of the cosponsors of this legislation, said in the House. This is on January 25.

Mr. Chairman, I rise today in strong support of the balanced budget amendment. I have been for the balanced budget amendment for the last several years, because I do not believe that we can find the will to make the necessary cuts to save the future generations of this country without the support of the American people through a balanced budget.

And then, he says, people come up to him and say:

Listen, JOE, you are a liberal Democrat, how can you possibly be for a balanced budget amendment? It is going to cut the very programs that much of your family and others have stood for generations.

And here is Congressman KENNEDY's response:

I say to them that those very programs that stand up for the working people and the poor and the senior citizens of this country have suffered the worst cuts over the course of the last 15 or 20 years in this country as a result of budget deficits.

Look at the housing budget. Cut by 77 percent over the course of the last 15 years. Look at those who have press conferences that say they want to protect fuel assistance for the poor. Look at what has happened to the fuel assistance program. Cut by 30 percent.

And then he goes to some other things. This is his final line, and I hope we remember it:

Do we see the bellies of our poorest children filled as a result of interest payments on the national debt?

Let me repeat that:

Do we see the bellies of our poorest children filled as a result of interest payments on the national debt?

Well, the answer is obvious. Oh, we are talking about welfare reform, and I am not optimistic we are going to get genuine welfare reform. I hope I am wrong. But it is interesting, welfare payments from 1970 to 1993, when you take in the inflation factor, have been reduced about 40 percent. That is because of the squeeze of interest.

Or take a look at New York City. New York City went bankrupt, or for all practical purposes bankrupt. They had to cut programs for poor people by as much as 47 percent. But New York City had the advantage of having an umbrella called the United States of America and we rescued New York City.

There is no umbrella big enough to rescue the United States of America. If we go down the tube, the programs for poor people and the programs that we need in education and other things are just going to be devastated.

It is also interesting that in New York City, they still have a mayor and city council, but for any significant expenditure they make, do you know who has to approve it? They have a little group of bankers and bond holders that has to approve anything like that. New York City has, to a great extent, lost its independence.

We may be able to put something together if and when the time arrives that we have difficulties, but it is going to be at the cost of losing a great deal of our independence.

Back maybe 2 years or so ago, I had an illustration of why it is important not only for the poor in our country but for the poor in other countries.

The IMF had asked for a \$12 billion guarantee from the United States. I received an invitation to have breakfast with the Director of the International Monetary Fund. I thought, well, he is reaching down pretty far on the Foreign Relations Committee to talk to someone, because I am about halfway down there.

I went over and he did not want to talk about the guarantee. He wanted to talk about what we are doing fiscally. He said—and I do not know if he was speaking in a slight exaggeration or not, but Alan Greenspan tells me he was not—"If you had a choice of getting hold of your deficit or cutting out the entire foreign aid program"—and I certainly do not favor that—"If you

had a choice, if you want to help the poor people in the world, get rid of your deficit. What you are doing is borrowing and sending up the costs of borrowing for the poor nations of the world."

In terms of social programs, it is very clear what we are doing. When we talk about spending \$339 billion this year, we are talking about a massive redistribution of wealth. Who pays the \$339 billion? By and large, Americans of limited means. Who collects the \$339 billion? By and large, those who are more fortunate, who hold the T-bills, and increasingly those beyond our borders.

We hear a lot about the trade deficit. This is very interesting. I asked the Congressional Research Service, what does a budget deficit have to do with the trade deficit? They came in, 37 to 55 percent of the trade deficit is caused by our budget deficit. What it does is escalates the value of the dollar. It makes it more profitable for industries to put their investment in other countries, and makes it more costly for them to put their investments here.

It is very interesting that as our deficit has gone up and our interest payments have gone up, we have been losing relative to other countries. As late as 1986, the average American working in a manufacturing location was being paid more money than in any other country. Now there are 13 nations on the face of the Earth where the average manufacturing wage is greater than ours. That is, in large part, because of the budget deficit.

We have a political problem, too. I hear the speeches on the floor, "We can do it without a balanced budget amendment. All it takes is political will." We heard those same speeches in 1986 when this failed by one vote to pass the U.S. Senate. In 1986, the deficit was \$2 trillion. Now, 9 years later, that deficit is \$4.7 trillion. And we hear the same speeches. If we should show the poor judgment not to pass this, then 5 years from now, 10 years from now, we will hear the same speeches.

What would have happened to our country if, in 1986, that had passed? We would have millions more people working; we would have lower interest rates; we would have more housing in our country; we would have more revenue for the Federal Government; we would have a higher standard of living for our people; and we would have a lower trade deficit. If we pass this, we will move in that direction.

Then the argument is made, and I have heard it several times already, but what if there is a recession? Listening to what the National Bureau of Economic Research in Cambridge had to say, in a report made by two professors in the department of economics at the University of California:

Discretionary fiscal policy does not appear to have had an important role in generating recoveries. Fiscal responses to economic downturns have generally not occurred until

real activity was approximately at its trough.

Or listen to an article written by Bruce Bartlett in the Public Interest, and I ask unanimous consent that this full article be placed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Public Interest, summer 1993]

HOW NOT TO STIMULATE THE ECONOMY (By Bruce Bartlett)

Shortly after taking office, President Clinton began pushing for a stimulus program to end the country's recession. But according to the National Bureau of Economic Research, the recession was already over. It began in July 1990 and ended in March 1991. Since that time the U.S. economy has expanded continuously. By the end of 1992, in fact, the economy was growing at an annual rate of 4.7 percent—almost twice the postwar average.

Fortunately, Congress was less persuaded of the need for stimulus than Clinton. His proposal was withdrawn. But months later the administration was still pushing for a scaled-down stimulus bill, even as the unemployment rate continued to decline.

Probably the best defense of Clinton's action is that he was simply doing what our last ten presidents all did. All these presidents, regardless of party or ideology, ultimately endorsed public works programs to combat recessions that were already over.

This article will review the results of this curious phenomenon. Without exception, stimulus programs have failed to moderate the recessions at which they were aimed, and have often sowed the seeds of the next recession. These programs have not been simply worthless, but harmful. It would have been better to do nothing.

KEYNESIAN ECONOMICS

The idea of using public works to jumpstart the economy is not a new one. Since at least the late nineteenth century, governments have attempted to use public works in a countercyclical manner. But until John Maynard Keynes, governments felt constrained by the need to keep their budgets in balance. Since recessions invariably shrink tax revenues, few governments could afford to increase spending on public works as a countercyclical measure. Keynes, by preaching the efficacy of deficit spending, relieved governments of this constraint.

Keynes also freed governments of the need to fund public works projects that were useful. In *The General Theory*, he wrote that pyramid-building, earthquakes, and even wars "may serve to increase wealth." He suggested that people be paid to dig holes in the ground, and even proposed burying bank notes in mine shafts to encourage the digging.

Although it is widely believed that the public works projects of the New Deal played a major role in ending—or at least mitigating—the Great Depression, such programs actually played a very limited role. It was World War II and monetary policy, not the New Deal, that ended the Depression. Unfortunately, policymakers have convinced themselves otherwise. And so, whenever another slowdown has occurred, they have turned to the same programs they believe ended the Great Depression.

This over-reliance on fiscal policy has given the U.S. massive deficits and debt, which requires even greater payments for interest. Large deficits also crowd out private borrowers, raising interest rates, and reducing investment, growth, and productivity. Finally, deficits put pressure on the Federal

Reserve to increase the money supply, which leads to inflation.

For an illustration of these points, let us take a brief look at the postwar economic experience.

THE TRUMAN AND EISENHOWER ADMINISTRATIONS

The first recession of the postwar era began in November 1948. Initially the Truman administration was oblivious, as were most private economists. In mid-December, for example, Treasury Secretary John Snyder said the economy "is at present in a basically sound condition, and shows encouraging signs of stability in the vicinity of the present high levels." A survey of private economists found similar optimism: 59 percent expected business to expand; only 41 percent expected a decline. And this was after the recession had already begun!

It was not until eight months later that President Truman asked Congress to pass an antirecession program. Congress did eventually pass the Advance Planning for Public Works Act, and it took effect in October 1949—the very month the recession ended.

The first of three recessions under President Eisenhower began in July 1953, shortly after he took office. There is no evidence Eisenhower was even aware a recession had begun. Later, when signs of a slowdown became unmistakable, Eisenhower supported a small increase in highway spending. But no significant action was taken to counteract the recession, which ended three months later.

Eisenhower confronted a second recession in August 1957. Again, there is no evidence he saw it coming. In July, Treasury Secretary George Humphrey told the Senate Finance Committee, "I don't see any significant recession or depression in the offing."

Although the Eisenhower administration did not put forward any antirecession legislation, it did acquiesce in congressional efforts. Congress passed and Eisenhower signed bills to increase grants to states for highway construction, and to increase federal spending on rivers and harbors. The highway bill became law in April 1958, and the rivers and harbors bill was signed in July. The recession had ended in April.

THE KENNEDY ADMINISTRATION

The third recession under Eisenhower began in April 1960, and it contributed to the election of John F. Kennedy. Upon taking office in January 1961, Kennedy moved quickly to enact antirecession legislation. A key element of his program was the Area Redevelopment Act (ARA), which sent federal aid to areas with high unemployment. It was signed into law on May 1, although the recession had ended in February.

An early assessment of the ARA by Sar Levitan, a professor of economics at George Washington University, found that 40 percent of its funds went simply to reimburse other government agencies. Moreover, almost any project undertaken in a depressed area was eligible for ARA funding, even if it would have been undertaken anyway. Thus while 7,100 miles of ARA-funded roads were built in depressed areas, Levitan notes, the Federal Highway Administration "could not point to a single mile of road which was constructed as a result of priorities accorded to depressed areas."

In 1962, Congress passed more antirecession legislation—the Accelerated Public Works (APW) program. Subsequent analysis shows that the peak employment created by this program did not come until June 1964—thirty-nine months after the end of the recession. Spending was so drawn-out that expenditures were still being made nine years later.

A follow-up report by the General Accounting Office (GAO) found that the number of jobs created by the ARA and the APW had been overstated by 128 percent. Another GAO study found the overstatement to be 94 percent. The GAO also found that only 55 percent of the jobs created by the APW went to workers living in the areas where the projects were located, and that most of the jobs went to contractors' regular employees rather than unemployed local persons. Partially as a result of such criticism, Congress abolished the Area Redevelopment Administration (which administered the ARA and APW) in 1965.

THE NIXON AND FORD ADMINISTRATIONS

The country's next recession began in December 1969 and ended in November 1970. Antirecession legislation, however, was not enacted until August 1971. That legislation—the Public Works Acceleration Act—funded public works in designated areas of high unemployment. It was predicted by the Economic Development Administration that the program would create 62,000 man-months of employment in the first two years, with 75 percent of the jobs going to the previously unemployed. A Commerce Department study, however, found that only 39,000 man-months of employment were created, and that only 22 percent of the jobs went to the unemployed. The average job lasted just four weeks.

The next recession was the worst of the postwar era. It began in November 1973, following the OPEC oil embargo. Yet anti-recession legislation, in the form of a tax rebate, was not enacted until March 1975, the month the recession ended. The \$22.8 billion legislation gave taxpayers a 10 percent rebate on their 1974 tax payments (with a maximum rebate of \$200). The bill also extended unemployment benefits, increased the investment tax credit from 7 to 10 percent, and made various other tax changes. All this was intended to pump up demand by putting dollars into people's pockets. Subsequent analysis, however, shows that most of the money was initially saved, not spent. The bill had no significant stimulative effect.

During the following year, Congress determined that the lingering effects of the recession justified further antirecessionary action. Over the veto of President Ford, Congress established the Antirecession Fiscal Assistance Program (ARFA), and the Local Public Works Program (LPW). The LPW increased funding for public works by \$2 billion. The ARFA program increased revenue-sharing by \$1.25 billion.

As late as 1977, in fact, Congress was still enacting legislation to deal with the aftermath of the 1973-75 recession. The Local Public Works Capital Development and Investment Act of 1976 added another \$4 billion to the LPW program. The ARFA program was also extended for another year and its funding increased by another \$1.75 billion.

Subsequent analysis shows that these program were failures. A Treasury Department study of the ARFA program found that because the funds were not disbursed until well after the end of the recession, they failed to provide assistance when it was most needed and probably contributed to inflationary pressures during the economic expansion. The study also found that, rather than spend federal money immediately, state and local governments tended to save it. Thus state and local government budget surpluses increased, mitigating the stimulative effect of the federal programs. Another study, by the GAO, found that ARFA grants often went to areas unaffected by the recession, and concluded that the program was not particularly effective as a countercyclical tool.

The LPW program was also ineffective. Although the recession ended in March 1975, 20

percent of the program's funds were spent in 1977, 61 percent in 1978, 18 percent in 1979, and 1 percent in 1980. In a study commissioned by the Commerce Department, Chase Econometrics estimated that the cost per direct job created was \$95,000.

Chase and the Commerce Department found other problems. Between 25 and 30 percent of LPW funds paid for projects that would have been funded by state and local governments anyway, and another 9 percent of LPW funds crowded out private expenditures that would otherwise have occurred. In addition, only 12 percent of workers on LPW projects were previously unemployed, and half of those had been unemployed less than five weeks. The average job lasted just 2.6 months. Finally, due to the Davis-Bacon Act, workers on LPW projects were paid more than before—for the same work.

The LPW program has also been severely criticized by University of Michigan economist Edward Gramlich. He argues that because the program had no allocation formula, required no matching funds, and funded only projects that could be started within 90 days, it virtually guaranteed that the only projects funded would be those that would have been built anyway. He has also noted that since the Commerce Department received some \$22 billion worth of project applications for just \$2 billion in federal funds, the LPW program apparently postponed \$22 billion worth of construction spending, thus reducing GNP by \$30 billion. Instead of stimulating the economy, the LPW program was actually contractionary.

THE CARTER AND REAGAN ADMINISTRATION

Despite the many problems of the LPW program, one of the Jimmy Carter's first acts upon taking office was to push for its expansion. The Congressional Budget Office argued that an expansion would have no impact on the economy for at least a year, but Carter proceeded anyway. He signed the expansion legislation on May 13, twenty-six months after the end of the recession.

Another recession developed in 1980, as a result of Carter's ill-considered imposition of credit controls. Although the recession was over by mid-year—after the lifting of controls—Carter continued to press for money for antirecessionary public works. It was then revealed that some \$100 billion was already available from previous programs—fifty times more than Carter was asking for. According to analyst Pat Choate, these funds were held up by a combination of incompetence at the state and local level, and federal regulations that made it difficult to get money released.

Even the Reagan administration, despite its general aversion to such policies, adopted two antirecessionary programs. They were designed to attack a recession that began in July 1981 and ended in November 1982. The first of the programs was the Surface Transportation Assistance Act of 1982, which raised the gasoline tax by five cents a gallon, and increased spending for highways and mass transit by \$33.5 billion over five years.

With some exceptions, the provisions of the act that created jobs did not go into effect until after the tax increases to pay for them. Thus, in the short run, the legislation was contractionary rather than stimulative.

TABLE 1.—SURFACE TRANSPORTATION ACT RECEIPTS AND OUTLAYS
(In billions of dollars)

Fiscal year	Receipts	Outlays
1983	1.7	0.6
1984	3.8	2.9
1985	3.9	5.6
1986	3.9	7.3

There is also evidence that the act led state and local governments to pull back on their own public works spending in anticipation of new federal funds. Furthermore, many state and local governments "piggy-backed" gasoline tax increases on the federal increase. Between 1982 and 1984, twenty-nine states increased their gasoline taxes. The result was a large increase in state and local government budget surpluses, which offset much of the stimulative impact of the federal spending.

President Reagan predicted the transportation bill would create 320,000 jobs, but subsequent analysis shows otherwise. In the year following passage of the legislation, employment in highway construction actually grew at a lower rate than did total employment (although wages for highway construction workers did rise sharply.)

Interestingly, at the very time that President Reagan was pressing hard for passage of the transportation bill as a jobs program, his Office of Management and Budget produced a study which showed that increases in federal aid for public works actually reduce overall public works spending, because state and local governments respond by cutting back their own spending. Of course, this and other studies had little effect. Both Congress and the administration were under irresistible political pressure to appear to be doing something about the recession, even though it had ended four months earlier.

The ink was barely dry on the transportation bill, in fact, when Congress pressed ahead with another antirecession bill, the Emergency Jobs Act of 1983. This act was little more than a grab-bag of pork-barrel projects, most of which just happened to be in the congressional districts of Appropriations Committee members.

A GAO study of the act in 1986 noted that it was not passed until twenty-one months after the beginning of the recession. A year and a half after passage, only one-third of the bill's funds had been spent; two and a half years after passage, half of the funds still had not been spent.

Job creation peaked in June 1984, but the number of jobs created at that point totalled just 1 percent of the private jobs created since passage of the bill.

THE BUSH AND CLINTON ADMINISTRATIONS

Like its predecessors, the Bush administration adopted an antirecession program after a recession. The \$151 billion Intermodal Surface Transportation Efficiency Act was signed by the president in November 1991—eight months after recession's end. Congressional supporters of the bill estimated it would create 2 million jobs. The Bush administration, "eager to embrace the bill as a job creator on the eve of an election year," according to Congressional Quarterly, doubled the estimate to 4 million. More than a year later, however, transportation planners told the New York Times that "the law has neither stimulated the economy nor created many jobs." One of the major reasons was the slow pace of construction, which has been attributed to an increase in federal standards for air quality, access for the disabled, and public participation. In the end, the bill did nothing to alleviate the recession or to aid Bush's reelection hopes.

As noted earlier, the Clinton administration quickly came forward with a \$16 billion stimulus program, despite data showing the

economy to be strengthening. Although the program was promoted as an insurance policy to keep the economy going, the evidence indicates that few, if any, jobs would have been created in the short run. Instead, the main effect of the legislation would have been simply to fund traditional Democratic programs. As Newsweek observed:

"Administration officials concede privately that much of the money will go into highway and transportation projects that won't actually get underway until 1994 or 1995. A good chunk of the rest will raise spending on programs Clinton proposes to expand permanently, like Head Start and infant nutrition. By boosting outlays right away instead of waiting until the next fiscal year starts in October, Clinton can label those initiatives 'stimulative.'"

A Republican analysis of the cost per job of the Clinton stimulus program found that the average cost was over \$89,000, with the cost of some jobs reaching into the millions.

DOING HARM

In 1980, Sen. Lloyd Bentsen, now secretary of the Treasury, held a hearing before the Joint Economic Committee on the effectiveness of countercyclical public works programs. At that hearing, President Carter's Office of Management and Budget presented a study that reviewed the postwar experience with such programs. Its conclusions:

Public works programs cannot be triggered and targeted in a sufficiently timely manner to compensate for cyclical fluctuations in unemployment and economic activity.

Even if it were possible to properly time a countercyclical program, the time it takes to construct public works would lead to a significant overlap of job generation and economic stimulus with periods of economic recovery.

Public works programs have had minimal impact on the unemployed. This is partly because the programs are not labor-intensive, and partly because many of the jobs created require skills the unemployed do not have.

The duration of employment for individual workers is too short to provide meaningful economic relief, to maintain skills and work habits, or to provide on-the-job training.

Public works are extremely costly. The cost of generating a construction job for one year ranges from \$70,000 to \$198,000.

Later Bentsen issued a unanimous report from the Joint Economic Committee which concluded that by the time a recession is recognized, it is too late to be treated. Efforts to do so are destabilizing. The committee recommended avoiding short-term countercyclical actions, and instead focusing on factors that contribute to long-run growth. This was good advice then, and good advice now.

Even Lord Keynes, the father of countercyclical policy, eventually recognized its limitations. Toward the end of his life he wrote:

"Organized public works . . . may be the right cure for a chronic tendency to a deficiency of effective demand. But they are not capable of sufficiently rapid organization (and above all cannot be reversed or undone at a later date), to be the most serviceable instrument for the prevention of the trade cycle."

The U.S. economic experience provides ample confirmation.

TABLE 2.—DATES OF RECESSIONS AND ANTI-RECESSION LEGISLATION—Continued

Beginning	End	Antirecession legislation
December 1969	November 1970	August 1971 ⁵
November 1973	March 1975	March 1975 ⁶
		July 1976 ⁷
		May 1977 ⁸
July 1981	November 1982	January-March 1983 ⁹
July 1990	November 1991	November 1991 ¹⁰ April 1993 ¹¹

¹ Advance Planning for Public Works Act, P.L. 81-352 (October 13, 1949).
² Federal Aid Highway Act of 1958, P.L. 85-381 (April 16, 1958); River and Harbor Act of 1958, Flood Control Act of 1958, and Water Supply Act of 1958, P.L. 85-100 (July 3, 1958).

³ Area Redevelopment Act, P.L. 87-27 (May 1, 1961).

⁴ Public Works Acceleration Act, P.L. 87-658 (September 14, 1962).

⁵ Public Works and Economic Development Act Amendments, P.L. 92-65 (August 5, 1971).

⁶ Tax Reduction Act of 1975, P.L. 94-12 (March 29, 1975).

⁷ Public Works Employment Act of 1976, P.L. 94-369 (July 22, 1976).

⁸ Local Public Works Capital Development and Investment Act of 1976, P.L. 95-28 (May 13, 1977).

⁹ Surface Transportation Assistance Act of 1982, P.L. 97-424 (January 6, 1983); Emergency Jobs Appropriations Act of 1983, P.L. 98-8 (March 24, 1983).

¹⁰ Intermodal Surface Transportation Efficiency Act of 1991, P.L. 102-240 (November 27, 1991).

¹¹ Emergency Supplemental Appropriations Act of 1993.

Mr. SIMON. Mr. Bartlett writes:

Without exception, stimulus programs have failed to moderate the recessions at which they were aimed, and have often sowed the seeds of the next recession. These programs have not been simply worthless, but harmful. It would have been better to do nothing.

Then he writes:

President Carter's Office of Management and Budget presented a study that reviewed the postwar experience with such programs.

And they reached the same conclusion. Then, listen to this:

Later, [Senator Lloyd] Bentsen issued a unanimous report from the Joint Economic Committee which concluded that by the time a recession is recognized, it is too late to be treated. Efforts to do so are destabilizing. The committee recommended avoiding short-term countercyclical actions, and instead focusing on factors that contribute to long-run growth.

"This was good advice then," the author writes, "and good advice now."

Even Lord Keynes, the father of countercyclical policy, eventually recognized its limitations. Toward the end of his life, he wrote:

"Organized public works . . . may be the right cure for a chronic tendency to a deficiency of effective demand. But they are not capable of sufficiently rapid organization (and above all cannot be reversed or undone at a later date), to be the most serviceable instrument for the prevention of the trade cycle."

"The U.S. economic experience provides ample confirmation," the author of the article says.

Fred Bergsten, who serves as Assistant Secretary of the Treasury and one of our Nation's really fine economists, recommends that we build in a small surplus. He is suggesting a 2-percent surplus, and then authorizing the President to move quickly with programs when we have unemployment above a certain level in any area, whether it is Missouri or Illinois or Michigan or Ohio, or wherever it might be.

Alan Greenspan has said much the same thing. Interest reduction is a far greater stimulus than any kind of stimulus that we might provide. But we have extended unemployment com-

pensation and people say, well, we could not even do that.

We will take a look at the record. The only time I can find where we have not had 60 votes for that was in 1982. But let me start with 1991. Passed extension of unemployment compensation; passed the Senate 91-2, far more than the 60 percent required. Later that year, by voice vote, another voice vote. In 1992, 94-2; 1992, another voice vote; later in 1992, 93-3. In 1993, 66-33; also, in 1993, 76-20.

Clearly, we can get the 60 votes to do that.

I also ask unanimous consent to have printed in the RECORD, Mr. President, an article from Investors Business Daily.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Investors Business Daily, Jan. 25, 1995]

A BALANCED BUDGET MYTH BARED: ECONOMY CYCLES UNLIKELY TO WORSEN UNDER PLAN

(By John Merline)

A balanced budget amendment will either restore fiscal sanity to a town drunk on deficit spending or lead the country toward economic ruin.

Those, at least, are the stark terms typically used by supporters and opponents of a constitutional amendment outlawing deficit spending.

And, while passage of a balanced budget amendment is almost a sure thing this year, debates over its merits remain fierce—with critics from all sides of the political spectrum lobbing grenades at it.

Democrats don't like the rigidity it imposes while conservatives fear it may bias Congress towards tax increases.

One of the principal criticisms of the amendment is that it would short-circuit the federal government's ability to fight recessions, either with "automatic stabilizers" or with stimulus spending like temporary tax cuts or spending hikes. Yet there is little evidence to support this view.

"When purchasing power falls in the private sector, the budget restores some of that loss, thereby cushioning the slide," said White House budget director Alice Rivlin in testimony before the Senate Judiciary Committee earlier this month.

"Unemployment compensation, foodstamps and other programs fill the gap in family budgets—and in overall economy activity—until conditions improve," she said, defending the budgetary "automatic stabilizers."

In addition, because of the progressive income tax code, tax liability falls faster than incomes drop in a recession, slowing the decline in after-tax incomes.

The result, however, is typically an increase in the deficit.

Mandatory balanced budgets would, she argued, force lawmakers either to raise taxes or cut spending in a recession to counteract increased deficits.

"Fiscal policy would exaggerate rather than mitigate swings in the economy," she said. "Recessions would tend to be deeper and longer."

Other economists agree with Rivlin.

Edward Regan, a fellow at the Jerome Levy Economics Institute in New York, argued that the amendment would "restrict government efforts to encourage private sector activity during economic slowdowns."

TABLE 2.—DATES OF RECESSIONS AND ANTI-RECESSION LEGISLATION

Beginning	End	Antirecession legislation
November 1948	October 1949	October 1949 ¹
August 1957	April 1958	April-July 1958 ²
April 1960	February 1961	May, 1961 ³
		September 1962 ⁴

The assumption, of course, is that these automatic stabilizers actually work as advertised, an assumption not all economists share.

"If anything, I think the government has made economic cycles worse," said James Bennett, an economist at George Mason University.

Bennett, along with 253 other economists, signed a letter supporting a balanced budget amendment introduced last year by Sen. Paul Simon, D-Ill.

Ohio University economist Richard Vedder agrees. "If you look at the unemployment record, to use that one statistic, it was more favorable in the years before we began automatic stabilizers than in the years since," he said.

Much of the countercyclical programs were implemented in the wake of the Great Depression.

Unemployment data show that in the first three decades of this century the average jobless rate was roughly 4.5%.

PROLONGING SLUMPS

In the four decades since World War II, the rate averaged 5.7%. And, from 1970 to 1990, it averaged 6.7%.

In addition, some of the stabilizers may actually keep people out of the work force for longer periods of time, possibly prolonging economic slumps.

A 1990 Congressional Budget Office study found that two-thirds of workers found jobs within three months after their unemployment benefits ran out—suggesting that many could have found work sooner had they not been paid for staying home.

Other data suggest that, at most, federal fiscal policy has had only a small stabilizing effect on the economy, despite the sharp increase in the economic role played by government.

A study by economist Christina Romer of the University of California at Berkeley found that economic cycles between 1869 and 1918 were only modestly more severe than those following World War II.

Romer corrected what she said were serious flaws in data used to suggest that the pre-war economy saw far larger swings in economic cycles.

The finding runs contrary to conventional wisdom—which posits that government fiscal programs enacted after the Great Depression have greatly reduced the magnitude of boom and bust cycles.

"I think there are plenty of arguments against the balanced budget amendment," said Christina Romer in an interview. "I would not put much emphasis on taking away the government's ability of having countercyclical * * *."

Finally, some economists note that the stabilizers Rivlin points to don't have to be a function of government.

Private unemployment, farm or other insurance could provide needed cash during economic downturns, they say, replacing the government programs as the provider of these funds.

While the effectiveness of automatic stabilizers is doubted by some, straightout antirecessionary stimulus spending has few outright backers—for one simple reason.

Every major stimulus package since 1949 was passed after the recession was already over.

These packages typically consisted of temporary tax cuts or spending hikes designed to boost economic demand and artificially stimulate growth.

The problem has been that, by the time Congress recognizes the economy is in a slump and approves a package, it's too late.

TOO LITTLE, TOO LATE?

Clinton's failed stimulus package, for example, was proposed nearly two years after

the 1990-91 recession ended, and half of the money wouldn't have been spent until 1994 and 1995.

A study of the 50-year history of stimulus packages by Bruce Bartlett, a senior fellow at the Arlington, Va.-based Alexis de Tocqueville Institution, concluded that "without exception, stimulus programs have failed to moderate * * * would have little bearing on the government's ability to pursue these policies during recessions.

First, the amendment allows Congress to pass an unbalanced budget, as long as it can muster 60% of the votes.

And, lawmakers could avoid that by simply running a budget surplus during growth years.

"The best technique is to aim for a modest budget surplus, of about 2% of GDP, over the course of the business cycle," Fred Bergsten, director of the Institute for International Economics, told the Judiciary Committee.

"This would permit the traditional 'automatic stabilizers,' and perhaps even some temporary tax cuts and spending increases, to provide a significant stimulus to the economy," he said. Interestingly, Rivlin herself made similar arguments in her book, "Revving the American Dream," which was published shortly before she joined the Clinton administration.

In that book Rivlin said that the federal government should run annual budget surpluses—increasing national savings and, in turn, economic growth.

At the same time, Rivlin said the federal government could strengthen federal "social insurance" programs designed to mitigate economic swings.

To accomplish this, she proposed shifting whole blocks of federal programs down to the states, including education, welfare, job training, and so * * *.

Mr. SIMON. This is the lead story. The headline says: "A Balanced Budget Myth Bared," in which the article talks about the fact that, in fact, we just do not act promptly enough to move in a recession, so to stop the balanced budget on that basis just does not make any sense. The article quotes James Bennett, an economist at George Mason University:

If anything, I think the government has made economic cycles worse.

I hear this: What about floods, earthquakes? We have an emergency in Michigan or Missouri, or someplace, and we have had them in Missouri and Illinois recently in our floods.

First of all, I will say that I favor creating a special emergency fund. We should not create a deficit every time. We ought to create an emergency fund of \$5 or \$10 billion every year, where we can tap into that for emergencies that will occur almost every year.

Take a look at the votes on these things. They say, well, we will be prevented from helping in natural calamities. Starting in 1991, I have not been able to find a single time when, in an emergency, we declined helping people. Now, there have been times when, years later or sometime later, we come back and they want help and they have been declined. In March 1991, 92 to 8; March 1991, 98 to 1. May 1991, voice vote. November 1991, 75 to 17. September 1992, 84 to 10. April 1992, 84 to 16. May 1992, 61 to 36. August 1992, voice vote. June 1993, voice vote. August 1993,

86 to 14. February 1994, 85 to 10. These are all more than 60 percent.

Then the argument is made, well, we will have the courts in this massively. What is the reality? Well, section 6 of this article says.

The Congress shall enforce and implement this article by appropriate legislation which may rely on estimates of outlay and receipts.

The only example you have of a Federal court acting is in the case of the State of Missouri, the Jenkins case, and there it was the Federal court acting, in terms of a State situation, under the 14th amendment, but we had no legislation and so you have a very, very different situation.

Second, we can say who has standing. I think we ought to say it takes 10 Senators or 30 House Members or 3 Governors to go before the courts. So we limit who can go before the courts.

And then, finally, the reality is we have a very good enforcement mechanism: You cannot increase the debt ceiling without a 60-percent vote. I think the likelihood that we are going to go before the courts is very, very slim, and the experience of the States is—and 48 of the 50 States have some kind of provision—the experience of the States is that it is rare for any kind of litigation. I remember when this came up—and Senator ABRAHAM will recall this—Senator HANK BROWN said in the history of the State of Colorado, which has such a provision in its constitution, there has been no litigation. This idea that we are going to be massively in the courts is just not true.

Then some say, "Well, you are going to give the President impoundment authority and the President is going to increase taxes." If I thought there was any possibility of that happening, I would favor an amendment. I had my staff research this very carefully. And I want to pay tribute to Aaron Rapport of my staff who has really done a superb job, but my staff has researched this and it is very clear, there is no impoundment authority. Anyone who looks at the legislative record will know that, and we will make it clear through implementing legislation.

Then I hear people say, "It is going to hurt my program, it is going to hurt my State, we are getting these letters from the Department of Defense and all the other departments." If you total up what everyone says is going to hurt and what is going to be taken out, we will have a huge surplus in this Nation.

Obviously, these figures are largely phony, and if the President of the United States had made a different decision, we would be getting all these letters from people saying what a great thing this is and this is going to be the salvation of our program.

I think you have to ask all these agencies and the States what is going to happen if we do not alter the present path. And the answer is, interest is

going to continue to squeeze out our ability to respond to States, interest rates are going to continue to go up, and eventually we will monetize the debt.

Then I hear about Social Security, and we are going to have an amendment on that on the floor. I suggest we listen to Bob Myers, chief actuary for Social Security for 21 years, in which he says the only protection that we need that is desperately needed is a balanced budget amendment so we do not monetize the debt. That is the only way to protect senior citizens.

Groups like the AARP, and others who are saying that we should not pass this are looking short term. They are not looking long term. We have to protect Social Security, and it is true it is running a surplus now, and I would love to balance the budget without that surplus, but starting in the year 2012 or 2013, it starts going in the red. We have an obligation to face this problem.

President Gerald Ford said:

Unless we, as a Nation, face up to the facts of fiscal reality and responsibility and the sacrifices required to restore it, the economic time bomb we are sitting on will do us in as surely as any sudden enemy assault. We cannot go on living beyond our means by borrowing from future generations or being bailed out by foreign investors.

He is absolutely right. We have, and some will argue we have shown in 1993 we can do something. We did and to the praise of President Clinton we did do something. But you had an unusual confluence of things. You had a brand-new President in his honeymoon period, you had a Congress of both Houses that was in his party, and you had a President who had the courage to do something. What happened? Interest rates came down, even with the small gesture that we made at that point.

Listen to the lead witness against the balanced budget amendment 2 years ago before the House Budget Committee, Professor Laurence Tribe, of Harvard. I want to make clear he still opposes a balanced budget amendment: Listen to what he said:

Despite the misgivings I expressed on this score a decade ago, I no longer think that a balanced budget amendment is at a conceptual level an ill-suited kind of provision to include in the Constitution. The Jeffersonian notion that today's populace should not be able to burden future generations with excessive debt does seem to be the kind of fundamental value that is worthy of enshrinement in the Constitution. In a sense, it represents structural protection for the rights of our children and grandchildren.

People say, "Well, let's just do it with statutory action." I voted for Gramm-Rudman, but as soon as it started to squeeze too much, we changed the law. It is just too easy. For people who say, "Well, we're not going to pay attention to the Constitution"—JOHN ASHCROFT when you took that oath of office right over there, you took only one oath, to uphold and defend the Constitution. I cannot imagine any Senator, no matter how ex-

treme, standing up and saying, "Let's ignore the Constitution." That just is not going to happen. We are going to pay attention to it.

The language that we have devised, that we have cleared with a great many people, is constitutional in nature, and those who say we are violating the spirit of the Constitution by requiring more than a majority vote ignore the fact that eight times in the Constitution it requires more than a majority vote to prevent governmental abuse. Have we had governmental abuse in this area? I do not think anyone can say anything to the contrary.

I also hear, "Oh, this is just a gimmick." I was in a press conference with OLYMPIA SNOWE, our new colleague in the Senate, when she was in the House, and a reporter said, "Isn't this just a gimmick?" And she responded, unfortunately with too much accuracy, "If it was just a gimmick, Congress would have passed it a long time ago." And I am afraid there is some truth to that.

If it were just a gimmick, my friend—and he is my friend—Senator ROBERT BYRD, would not be working so hard against this. The reality is, this has teeth. That debt increase means something.

People say, "Well, we have to show how we are going to do it. If they are talking in broad principles, I am all for, once this passes, spelling it out."

Let me give you one option, and that is we follow the present limits we set forth in our agreement through 1998 and then a combination of the Bush program for reducing the deficit and the Clinton program, something somewhat similar, neither of which did any great harm to anyone, that will do it by the year 2002.

I say to my colleagues who oppose this, who make these great speeches, "We can do it without a balanced budget amendment," they insist we spell out what we are going to do, and I am for spelling it out in broad terms. But I think there is a responsibility on the part of those who say we can do it without a balanced budget amendment to spell it out.

We save at least, by the most conservative estimate, about \$140 billion in interest and some people say as much as \$600 or \$700 billion in interest. But there is that substantial savings. There is not that savings on the other side.

Finally, Mr. President, let me just give you one illustration why we need this. Two or 3 years ago, I introduced a bill for long-term care, a problem that is going to escalate in this country. I had with it a half-percent increase in Social Security to pay for it. Two of my colleagues in the Senate, one of whom is still in the Senate, came to me and said, "We really like your bill for long-term care. If you will just drop the taxes to pay for it, we would like to cosponsor the bill."

My friends, that is our problem. Nothing is there to restrain us from doing that. Now, my colleague from

Michigan and my colleague from Missouri may differ with me on whether or not we ought to have the program. That ought to be a legitimate area of debate. There should not be a debate that if we have the program, we have to be willing to pay for it, and if we are unwilling to pay for it, we cannot have the program. That is what it is all about. We need pay-as-you-go Government.

I hope this body will take a look not just at all the pressure groups that are coming at us right now, but take a look at future generations, take a look at those pages, take a look at your children and your grandchildren and ask: How do we best protect them?

Deficit reduction is a tax cut for future generations.

Do I make a little sacrifice myself so that my three grandchildren can live better? That is the real question. I do not have a hard time answering that. Are we going to have to make some unpopular decisions if we pass this? You bet. If it was easy, we would have done this a long time ago. That is why we need a constitutional amendment.

So I hope my colleagues will do the right thing—not politically but for future generations. The right thing clearly I think is adopting this balanced budget amendment.

Mr. President, I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. I thank the Chair.

I rise today in strong support of the balanced budget amendment to the Constitution, and I would like to preface my remarks by extending a compliment to the Senator from Illinois for his extensive work over many years on this issue. Thanks to his leadership, we are already moving in the House and here in the Senate toward adoption of this after many years of debate.

In my judgment, the amendment would change the way Congress makes budgetary decisions by severely limiting the option to borrow money. Currently, when faced with demands for more spending, the Congress makes the easy choice to borrow money. Under the balanced budget amendment, Congress would be forced to make the tough choices, to either raise taxes or reduce spending elsewhere, unless it mustered the necessary supermajorities required to deficit spend.

With last week's historic vote in the House of Representatives to approve the balanced budget amendment by a bipartisan margin of 300 to 132, the American people sent a clear and powerful message to the Senate: It is time to restore fiscal control of the Federal budget and prevent politicians from increasing Government spending.

In my view, the balanced budget amendment to the Constitution embodies the spirit of the electorate that voted for a Republican Congress for the first time in 40 years last November,

and I believe that we in the Senate must not let them down.

When I was out on the campaign trail in Michigan in this most recent campaign, I encountered people all over the State. It did not matter where they lived. From Detroit to the Upper Peninsula, from Grand Rapids to Saginaw, north to south, and east to west, they all said the same types of things about the way Congress does business. They were totally perplexed and incapable of understanding why the Congress of the United States could not operate the way they did in their families or the way businesses did in trying to meet a bottom line of staying in the black.

I was constantly asked, "Why is that the case? Can you make a difference?" The one thing that was a clear note of consistent opinion across the spectrum was that the best and surest way to get the Federal Government under control was by adoption of a balanced budget amendment. The attitude in my State was not one of asking us to come up with a fancier bookkeeping way of handling Federal spending. They did not want me to come down here and say, "Well, we will have a balanced budget amendment, but we will leave exceptions for this or that program; we will put something off budget and make you feel better about the bottom line."

They said, "Why can't you go down and do what we have to do every day in our lives here in Michigan?" And that is what I came here to do.

Now, I have heard some people say in the course of the debate in the Judiciary Committee and already in the Chamber that this is not the way people behave. The families of the people of Michigan do not operate really in the black. They buy a house, and when they buy a house they have a debt. And if you put that debt into consideration, at the end of the year they still have that debt. They just make payments on the debt. And to them balancing the family budget really means that the amount of income they have is equal to the payments they make for the goods and services and the debts they encounter.

My response to those people, as I responded in the campaign was, "But wait a minute. There is a very simple distinction here. Those people are spending their own money and we are spending the taxpayers' money."

If people choose in their own lives to buy a house, I do not think that is the Federal Government's business. But if the Federal Government and those of us entrusted with the responsibility of spending over \$1.5 trillion a year do not keep the public's interests in mind, I think we have made a huge mistake. And so in this campaign I got a clear message. It was a message that I should come here, that I should fight as hard as possible to put this country on a course to bring about a balanced budget as fast as possible and that the surest way to do it was with a balanced budget amendment. And so today I

wish to speak about why that is so critical.

I believe that requiring a balanced Federal budget should no longer be a question for serious debate. For the past 25 years, the Congress has demonstrated its inability to manage effectively the Nation's purse strings. The national debt now stands in excess of \$4.7 trillion. The Federal Government currently owes more than \$13,000 for every man, woman, and child in America.

One of the major reasons for this explosion in Government spending and debt is that we have abandoned the implicit balanced budget requirements established by the Nation's Founding Fathers. Indeed, the Founding Fathers recognized that persistent Government deficits and the unfettered growth of Government had consequences for the long-term stability of our democracy and threatened our individual freedoms. The reason the Founding Fathers did not include a balanced budget requirement in the Constitution is because they felt it would be superfluous. Balancing the budget and reducing the outstanding debt were considered the highest priorities of Government. I think Thomas Jefferson summarized it best when he said that:

The public debt is the greatest of dangers to be feared by a republican Government.

Because of this implicit balanced budget requirement, Government spending remained low, rarely exceeding 10 percent of our national income, for the first 150 years of this Republic. But starting in the mid 1930's, the rise of Keynesian economics gave politicians an economic rationale to increase Government spending. As a result, fiscal discipline was abandoned. Today, Federal spending as a share of our national income stands at 22 percent. Deficit spending has now become the fiscal norm. The purpose of the balanced budget amendment is to restore fiscal discipline upon the Congress by placing the balanced budget obligation in the supreme law of the land. Absent such an amendment, the Congress has proven itself incapable of making difficult spending decisions, given its free and easy access to deficit spending.

The amendment would contribute to a balanced budget by transforming the critical questions asked by Members of Congress who confront spending interests. Instead of asking merely, "Is this a desirable spending measure or program?" they will instead have to ask, "Is this spending measure so desirable that we should either reduce spending for some other spending measure or raise taxes on the people to pay for it?"

The psychology of the budget process will also be transformed. No longer will spending interests be competing against the taxpayer for a portion of an unlimited budget. Rather, they will be competing against each other for a portion of a limited budget. No one doubts that Governors of States with balanced budget requirements will propose balanced budgets because they are obli-

gated to do so. When the Congress is also obligated to do the same, I believe they, too, will propose balanced budgets. The details will inevitably be fought out in the budget process, where they should be. Without a balanced budget amendment, this Nation could be looking at Federal deficits in the trillions of dollars within 15 years.

All the opponents of the amendment want to talk about is the cost of reducing spending programs for special interests. But what about the economic costs of running high deficits and high levels of Government spending and taxation on the general public? The weight of economic evidence from around the world strongly suggests that as the size of government increases as a share of national income, the rate of economic growth and job creation declines. I was sent here by people who think it is time to put the welfare of the general public ahead of the special interests.

The proposed amendment does not read into the Constitution a mandate for any particular economic policy outcomes. It only restores the historical relationship between levels of public spending and available public resources. National solvency is not, nor should it be, a partisan political principle. It should be a fundamental principle of our Government.

Mr. President, I would like to spend a few moments on the question of judicial enforcement of the balanced budget amendment. There are many provisions of the Constitution that are effective in achieving their purposes, yet which do not require judicial enforcement. For example, the Senate does not introduce revenue bills despite the Court's refusal to involve itself in such political questions. The moral power of the Constitution itself serves as an enforcement mechanism.

The balanced budget amendment is largely self-enforcing and self-monitoring. Congress and the President are to establish procedures for compliance. Congress and the President are to monitor the actions of each other, and actions by the Congress and the President will be subject to even more effective monitoring by the public.

I would argue that the balanced budget amendment is already working, despite the fact that the Congress has not yet passed it. Indeed, the mere prospect of the congressional approval of the amendment has already forced congressional leaders to seriously consider a 7-year plan to reduce the growth rate of Government spending and balance the budget. Does anyone truly believe that this debate would be occurring in the absence of the debate over the balanced budget amendment?

Once the amendment is actually approved by both Houses of Congress, we will be under enormous political pressure to produce a balanced budget plan which achieves balance by the year 2002.

As the debate over the balanced budget amendment proceeds in the

Senate, I will address in more detail why we should not exempt any special areas of the budget from the balanced budget requirements. In essence these efforts are, in my judgment, nothing more than escape valves designed to alleviate the pressure on lawmakers to spend in different areas of priority than would otherwise take place. These exemptions violate the whole point of having a balanced budget amendment.

The Nation believes we already have enough tax revenue to balance the budget. In fact, the Congressional Budget Office projects that tax revenue collected by the Government will naturally increase from the \$1.36 trillion in 1995 to \$1.88 trillion in the year 2002. I know the people in Michigan, and I think most people across this country would agree, that \$1.88 trillion is more than enough to run the Federal Government.

Finally, I am a strong supporter of the proposed supermajority requirements to limit tax increases. I think the inclusion of the tax limitation language would help avert the bias in our current system toward higher taxes. Although I am concerned about a balanced budget amendment that does not simultaneously place an explicit limit on taxes, I believe this can be accomplished through other means, not the least among them the wrath of an over-taxed electorate. Further, I believe that to truly limit the tax burden on the American people we must explicitly limit the total size of Government. It is for this reason I strongly support either legislation or a constitutional amendment to limit to a fixed percentage of our national income, except in times of emergency, the spending level of Government. Limiting total spending limits total taxes.

In my State of Michigan we have a similar government spending limitation in our State constitution called the Headlee amendment. Under that amendment, the size of State government is limited by holding State tax revenue to the same fraction of personal income that it was when the amendment passed in 1978. A blue ribbon commission appointed by Gov. John Engler to study the Headlee amendment recently concluded that it had been effective in limiting the growth of our State government.

This spending limitation proposal offered by Senator JON KYL does essentially the same thing as the Headlee amendment. It requires that the Federal Government only grow in size relative to the size of the national income. I think such a spending limitation concept ought to be a key ingredient as we proceed to the subsequent implementing legislation to balance the budget.

In conclusion, before we begin the necessary task of limiting the growth rate of Government spending, we ought to be able to assure the American people that any consequent pain will not be for naught, that cuts in spending will finally translate into reduction in

the Federal deficit. A balanced budget amendment to the Constitution would restore a necessary, basic, and broad governing principle for our country; namely, that Government should spend no more than it takes in.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I rise today to oppose the proposed balanced budget amendment to the U.S. Constitution. I also rise as a person who I hope can be described as one of the strongest advocates of actually balancing the Federal budget. I believe the American people really want a balanced budget more than they want a balanced budget amendment. Although this may seem strange to a lot of people—and it is going to be very important to make this point both here and across America as we have this debate—I think passing the balanced budget amendment will make it less likely rather than more likely we will actually achieve a balanced budget in the next few years.

A number of respected authorities have raised a variety of significant points of concern with regard to the amendment itself. Some say the problems related to the role of the courts and the power it might confer on unelected judges to set our national budget policy is a reason not to vote for this.

Some talk of the damage the proposal could do to Social Security unless some changes are made to the current draft. I think that is a very, very important issue.

Others say there will be unintended changes to the Presidential impoundment authority. That is something we have to look at.

And still others say that unnecessary and possibly dislocating restrictions on our ability to establish capital or investment budgets will be a problem, producing the very surprising result that the Federal Government could end up being the only government anywhere that we know of that does not have a distinction between a capital and operating budget.

These are all very serious concerns and there are other ones as well that are being discussed and will be discussed in the coming weeks as we consider the balanced budget amendment.

My principal objection to the proposed balanced budget amendment is that it will most likely damage our efforts to reduce and eliminate the Federal deficit. I believe strongly in eliminating the Federal deficit. Along with health care reform, that was the issue on which I focused my campaign for the U.S. Senate, and it is the issue on which I focused the greatest amount of my time during the 2 years I have been here. But there is evidence that suggests strongly that this proposed constitutional amendment will only undercut the work I have had a chance to do, the work that others have done to bring down the deficit and clean up the

mess that was created throughout the 1980's.

First, consider the basic argument of those who support the proposed amendment. The essence of the arguments made by supporters of the amendment is the assertion that a constitutional amendment is absolutely necessary in order to spur lawmakers into making the tough decisions they are otherwise unwilling to make. The amendment's supporters maintain that once the constitutional requirement is in place, lawmakers will suddenly make the tough decisions because they will be able to say this to their angry constituents: I am sorry I cut your program, but the Constitution made me do it.

I find it hard to believe that kind of conversation is going to really occur, but that is in effect what is being suggested, that Members of Congress will suddenly do what they must do and should have done a long time ago because they will be able to say, "My hands are tied. I am going to have to hurt you by cutting this program."

The notion that lawmakers require the Constitution of the United States to provide political cover is the defining rationale for the supporters of this proposed amendment. After all, if a constitutional refuge were not required, then the need for this amendment would vanish.

This assessment of our political process, I believe, ignores a basic political reality, that those who require political cover in order to make tough decisions under our current rules may end up being the very same people who will find a way not to make the tough decisions even if the balanced budget amendment is passed by this Senate and even if it does become a part of our Constitution.

As the distinguished economist Herbert Stein noted in his testimony before the Judiciary Committee:

Objection to a balanced budget amendment is not an objection to balancing the budget. It is, instead, objection to using an appeal to a traditional symbol as a smokescreen behind which to hide unwillingness to face our real problems.

The only way we can balance the Federal budget is by enacting specific legislation that spells out a series of individual spending cuts that add up to sufficient cuts to eliminate that deficit. But the proposed constitutional amendment does not contain one single spending cut. The sponsors of it do not have to put their name on the line for any cut in order to go about their States and say: I fought to balance the budget.

I am not sure the people of the country realize this. I think what they are saying is: Balance the budget. I think many folks think the balanced budget amendment will also include the identification and, in fact, requirement of a series of cuts to achieve that. But there is nowhere in the balanced budget amendment where any of the courage that is required to identify specific

cuts is demonstrated. It is just the reverse. It is just the reverse. In fact, in many ways, it is the easiest vote in the world.

Mr. President, this raises a second point. Many of the supporters of the proposed constitutional amendment are unwilling to outline those spending cuts they would pursue in order to balance the budget. The majority leader of the other House, RICHARD ARMEY, a strong proponent of the constitutional amendment, has been quoted as saying that if Members of Congress knew what it took to comply with the proposal "their knees would buckle."

That is a candid statement, but a very disturbing one. Majority Leader ARMEY is also reported as saying that:

Putting together a detailed list beforehand would make passing the balanced budget amendment virtually impossible.

Mr. President, this second point is a natural outflow of the underlying political view held by the amendment's supporters. That view I think is based on cynical assumptions about the American public and our democratic process. It implies that, if the people realized what it would take to balance the budget, they would just refuse to support such action.

Let us consider for a minute what this reasoning suggests. I think it assumes a very low opinion of the American people, the electorate. Supporters suggest that, rather than deal honestly with the people, we should evade, delay and dissemble. Mr. President, in my view that perception of the American people is a good example of the politics as usual that got us into this mess in the first place, and which I believe voters have been rejecting, not just on November 8 of last year but for the past several years where we have had two monumental elections.

Mr. President, I mentioned that I ran on the issue of deficit reduction in 1992, and, as a matter of fact, so did all of my three opponents in that race. I strongly believe that one of the reasons for my victory was that I spoke specifically with the voters about the deficit issue. While others supported the balanced budget amendment, they generally refused to specify how they would reduce the deficit. I opposed the balanced budget amendment but presented a specific 82-point plan—that has grown since—that pointed to exactly all the different ways we could cut the Federal budget which would add up to the elimination of the Federal deficit over 5 years.

Mr. President, despite the statements that nothing has been done here in the last couple of years, and that this institution is incapable of cutting spending without a balanced budget amendment, I can tell you that during the past couple of years many of those specific cuts that I had identified—and that many others had identified—were included in the President's deficit reduction package in 1993, passed, and became law. Why did the balanced budget amendment advocates refuse to even take seriously the progress that has

been made in reducing the deficit during the past 2 years? Well, maybe it is not good politics. But it is unfair to the American people to continue to tell them that nothing has been done, that no effort has been made, that no progress has been made, and that no tough votes have been taken, because they have.

I regret that no Member of what is now the majority party chose to participate in either the other House or this House in trying to help us make those specific cuts. But that does not take away from the fact that those cuts were made. Why are we not out here telling the folks across America that, for example, we significantly cut hundreds of millions of dollars out of overseas broadcasting, Radio Free Europe and Radio Liberty? Why are we not telling the American people that we finally had the guts to get rid of the superconducting super collider, and the wool and mohair subsidy? My constituents say, "These agriculture programs are eating us alive." The truth is we eliminated a program like that. It was not always fun for me with several thousand wool farmers in Wisconsin. But that was done here in this body in the last 2 years, and we are not telling the American people something that they need to hear.

This week I was informed that one of the cuts that we achieved, one of the changes we made, is actually working out better than the CBO estimated. I believe the estimates were that the FCC spectrum auction would achieve \$7 billion. I hear now it may end up being \$10 billion that we are now able, through a more sensible proposal, to use and to help reduce the Federal deficit. That story is not being told out here because, if that story were being told out here, the advocates of the balanced budget amendment would have an awful hard time saying what they always say; that is, there is no way to reduce the deficit and balance the budget without a balanced budget amendment.

I find it amazing that this is glossed over. And I believe that it is our obligation, as we go through this debate of the balanced budget amendment, to say that during the past 2 years—although certainly I would not describe it as the Camelot of deficit reduction—it was a very good start, and it helped our economy. And it reduced the deficit significantly. Now it just a question of finishing the job, and we have the power to do that today. And that is what we should be focusing on, not a balanced budget amendment that simply gives political cover.

So, Mr. President, I think it is interesting to realize that the ratification of the proposed constitutional amendment itself may be threatened by the failure of its supporters to be specific and direct to the American people about how it is going to be achieved. More importantly, even if the proposed amendment is ratified, the cause of fiscal prudence and deficit reduction could be severely jeopardized if we do

not have the broad-based support of the Nation and of the people of this country. In the end without that support, without the support of the American people, an unpopular plan would be overturned, and we would be left with the balanced budget amendment that only serves to degrade and undermine the authority of our laws, and even worse the authority of our Constitution.

Mr. President, it should be reiterated that a majority of those supporters of the proposed amendment who were here in 1993 opposed the President's deficit reduction package. That package included many difficult provisions, including significant cuts to very popular programs. But this is precisely the kind of specific reduction package that will have to pass in this body, if we are ever going to really have a balanced budget, not a balanced budget amendment.

(Mr. COATS assumed the chair.)

Of course, if we are going to have what the American people really want, which is a balanced budget, I think one certainly can favor reducing the deficit but oppose a specific plan. But, Mr. President, many of the supporters of the proposed balanced budget amendment oppose any specific plan. In their best of all worlds, you do not propose a plan and identify the cuts, but you say that you supported the balanced budget amendment and you have done your job. You can go home and start focusing on other issues.

On another matter, some supporters of the proposed constitutional amendment promised to offer a specific plan of action but they promised to do it only after the joint resolution is adopted by both Houses of Congress after it is sent out to the States but before it is ratified by the States. But, if we apply those folks' own test, this would doom the proposed constitutional change because what it means is, even though it may have passed the House and the Senate and it is sent out to the States, the plan would be revealed before ratification. The specifics would come out, those same specifics that would make our knees buckle and that would make it impossible to pass the proposed amendment in Congress presumably would be so terrible and so upsetting to the States that they would not pass the balanced budget amendment.

Perhaps the supporters of the constitutional change would just keep the specifics secret throughout the whole ratification process. Taking this argument to its logical conclusion—the argument that we should not lay out the plan as we passed this amendment—the reasoning of the supporters of the proposed constitutional amendment dictate that a specific plan apparently could not be offered until after the States had ratified the amendment.

In fact, under this argument, no plan could be offered until the first year the article was to take effect which, of

course, is fiscal year 2002 at the very earliest, for not until the constitutional mandate is in force would the needed political cover be in place to protect those lawmakers that amendment supporters maintain are too hesitant to act without that protection.

Is this what the balanced budget amendment supporters want? Is that what they are saying? We are going to keep a tight lip in 1995, 1996, 1997, 1998, 1999, 2000, and 2001, and then suddenly in the year 2002 we are going to magically present this plan that will eliminate the Federal deficit, at which point, I assure you if we do this, will dwarf the deficit that we have now? Political cover will have made sure that this institution did not have to act during that time period, and it will not act. It will simply stand back and wait for the States to decide whether to pass this amendment.

This reasoning produces the absurd result that Congress would be paralyzed to act to reduce the deficit until the first balanced budget is required, which again is fiscal year 2002 at the earliest.

Mr. President, we know any delay in acting to eliminate the deficit only makes future action that much more difficult and politically distasteful. Waiting clearly makes it harder. In the world depicted by the amendments supporters, delay could be fatal for efforts to balance the budget as legislators would be confronted with an increasingly more difficult task and increasingly more difficult choices.

Thus, Mr. President, even using the reasoning of the balanced budget amendment supporters, adoption of the amendment would make it more difficult to actually balance the budget. I think that kind of delay is a tremendous disservice to our economy, and especially to our children and our grandchildren. As a result of this action by the Congress, the States will end up with a bigger debt and a bigger deficit. The specific plan to reduce the deficit must be passed before a constitutional amendment is sent to the States for ratification.

A budget plan is not only a safeguard against later inaction, it ensures that Congress deals with the American people honestly. I know I have not been the only Member of the Senate to propose a specific plan. I believe my colleague on the other side, the Senator from Colorado [Mr. BROWN], has put together a similar kind of specific plan to eliminate the Federal deficit. I was delighted to work with him during the past 2 years on a bipartisan basis, and with Senator KERREY of Nebraska, to craft that kind of a proposal. We signed onto it and we signed onto the specifics. No, we did not succeed in the vote on the floor, but we worked together to identify the cuts. That kind of approach is the only way we are going to reduce the deficits, not by letting Members of the Senate off the hook by providing them with the political cover of adopting a constitutional amendment that does not say one single

thing about what should be cut and when and who should get hurt.

Professor Stein, in his testimony before the Judiciary Committee, commented on this very point. He testified:

I believe it is basically improper and unfair to propose a balanced-budget amendment without revealing how the balance would, or might, be achieved—by what combination of expenditure cuts and tax increases. I do not think the American people should be asked to commit themselves to a constitutional limit on their future decisions without knowing what would be involved.

Mr. President, a specific plan of deficit reduction is the only way the budget will be balanced.

Passing a specific plan before the proposed amendment is sent to the States helps preclude delay and evasion. Without it, Congress could adopt the proposed amendment, declare victory, and do absolutely nothing. It is a great formula for politicians who have to run for reelection. They can sit back and say: Let the States do it; it is not my problem. I voted for the balanced budget amendment. It is up to the States now to worry about the Federal deficit.

That is what might be called a free pass. In fact, I think it is the equivalent of a politician winning the lottery. To not even have to talk about what cuts, to be able to say for the next 7 years it is up to the States to ratify the constitutional amendment, is like the political jackpot, because you do not have to say where the cuts should come from. That is what is going on here. It is punting to the States. It is leaving it up to the elected State legislatures instead of the people sent here, who took an oath to solve the Nation's problems themselves. That is what this balanced budget amendment is about.

Mr. President, equally as important, before the voters and local governments and State legislatures are asked to ratify the amendment, I think they are entitled to know what the supporters of the balanced budget amendment mean to do, before they modify the Constitution of the United States to endorse that action. I believe the Constitution is our great national contract. Before the people are asked to support a change in that contract, they are entitled to read the fine print.

Mr. President, there is at least one other issue that should raise serious doubts in the minds of Members. That is this clamor for a middle-class tax cut or an across-the-board tax cut by many of the same people who are saying they are dedicated to a balanced budget amendment and to the balanced budget. I think it is obvious to almost any American that this makes no fiscal sense. To give a big tax cut now, either to the middle class or across the board, and to maintain you can have a balanced budget amendment in the coming years is flim-flam, voodoo mathematics. The American people do not believe that we can have a tax cut and balance the budget.

I will have more to say on this subject later in the debate.

For now, I only want Members to note this obvious inconsistency and to consider that the two apparently contradictory positions really share one thing in common: They both flow from the politics of the free lunch.

In closing, let me add a brief personal note about one of the principal sponsors of the amendment, the senior Senator from Illinois [Mr. SIMON]. Unlike many who support the proposed amendment, he has consistently fought for deficit reduction and has taken tough stands in that effort, including voting for the President's deficit reduction bill. That vote, obviously, was essential, as was the vote of every Senator who voted for it, including, of course, the Vice President of the United States.

Senator SIMON has joined with a number of us who are questioning the wisdom of the tax cut bidding war that has started. So I want to say, out of great respect for the Senator from Illinois, that the supporters of the proposed amendment could have no greater champion than Senator SIMON. Though he and I differ on this issue, I regret very much his decision not to seek reelection.

I yield the floor.

THE TAXPAYERS DESERVE A BALANCED BUDGET AMENDMENT

Mr. ASHCROFT. Mr. President, when our ancestors were on the verge of a revolt against the British Government, Edmund Burke rose in the House of Commons to urge his fellow Members of the House of Parliament to refrain from using force to impose taxes on those in the United States, which were then Britain's American Colonies. Burke had the courage and the wisdom to speak for conciliation. He foresaw what no one else did—that if England persisted in taxing this country, it would lose its empire and would fight a long war for a bad cause. Burke told the Members of Parliament that in attacking America through taxation, they were really attacking their own British liberties.

As we discuss the balanced budget amendment, we usually talk about the impact of runaway spending on our economy and on our future. Those are our fundamental considerations. But we also must not lose sight of considerations that are far more fundamental and profound. Protracted deficit spending empowers the central Government with the means to undermine our basic liberties.

We hear it said in this Chamber, and by the media, that the American people are selfish because they want the benefits of Government without the cost of taxes. We forget that the power to impose taxes is a standing threat to freedom.

Mr. President, the acknowledgment that we can only control Government by controlling its capacity to take our money is as old as the idea of democracy. Money was—and is—the source of

the Government's basic power. The tale of history bears testament to this truth. The Magna Carta prescribed that the King could not impose taxes except through the consent of the Great Council. Charles I was executed because he tried to govern without seeking the consent of Parliament in spending public money. Let us not forget that the American Revolution itself was rooted in the relationship between taxation and representation.

Congress today does not have to vote to raise more revenue in order to spend more money. Instead, our legislature takes the debtor's path: Spend and beg; spend and plead; spend and borrow. Our current system lets the Government spend on credit and sign the taxpayers' name on the dotted line. When the credit card bill comes due, it is the American people who are confronted with the dilemma. They can either send more money to Washington to pay the bill or default on the debt incurred in their name.

When the American people express the belief that Government is out of control—as they did in this past November's election—they, indeed, are correct. For too long, this body has assembled to satisfy the appetites of narrow interests at the public's expense. The American people are fed up with a Congress that spends the yet unearned wages of the next generation.

Mr. President, deficit spending is not only a threat to our prosperity and our children's future, it is the method by which Washington's imperial elite has circumvented the public, the law, and the Constitution. Deficit spending allows beltway barons to run this country without regard for the people. Whether it is pork projects or political payoffs, the Washington elite know how to play the game.

That must end. A balanced budget amendment will compel the Members of this body to raise taxes if they want to spend more money. What better way to restrain spending than that? A balanced budget amendment will make it clear to all that the special interest is rewarded when the citizen is penalized and that we should refrain from penalizing citizens to reward special interests.

What will a balanced budget amendment mean? It will mean accountability to the Constitution and restraint on our spending—in short, it will mean integrity in Government. It will rightly return the power of the purse to the people.

Two centuries ago, in a nation across the sea, Edmund Burke reminded his fellow Members of Parliament of a fundamental principle. Burke said:

*** the people must in effect themselves possess the power of granting their own money, or no shadow of liberty [can] subsist.

Mr. President, if we truly wish to preserve the liberties first inscribed into the Magna Carta and then brought to these shores—and preserved through the blood of revolutions on two continents—it is imperative that we re-

turn to the people the power of the purse.

We must take the American Express card away from the Congress and eliminate the expense account of the beltway barons. We must make the Members of this body accountable to the taxpayers—not to the lobbyists. We can do this if we have the will.

The balanced budget amendment is not a quick fix. But it is real reform and it will be felt. I know—from my service as Governor of one of the States—that 49 States, in effect, require a balanced budget. It is not a gimmick. We balance the budget.

I balanced budgets 8 years in a row while I was Governor. As a matter of fact, we put into place a cash operating reserve fund of several hundred millions of dollars. We established a rainy day fund—such as the emergency fund that the senior Senator from Illinois has suggested we have for the Federal Government—because we knew there would be episodes of fiscal crisis and financial difficulty in the future that we would need to meet. And we knew, since we were required by our constitution to have a balanced budget, that we would need to prepare for it in advance.

So, Mr. President, let me say it again for emphasis. A balanced budget requirement is not a gimmick. It is not a quick fix either, but it is real reform. It will reestablish the responsibilities observed in this country for decades—prior to the last two or three—that we would have balanced budgets except in time of war.

A balanced budget is a political reform that will be felt first and foremost by the imperial elite who have long run this town. It will be felt by a brood of beltway barons—both elected and unelected—who are robbing the next generation of their inheritance. And, most importantly, it will be felt by the American people who will have succeeded in restoring their right to self-governance.

There are those in this body, Mr. President, who suggest to us that we somehow have to forecast the next 7 years of priorities in spending for the United States of America in order to give allegiance to a balanced budget amendment. Nothing could be further from the truth as far as I am concerned.

I know of no State which tries to lock itself into a 7-year budget which would deny subsequent legislatures the opportunity to adjust to priorities, to respond to circumstances, and to create budgets which meet the real needs of the individuals in the jurisdiction at the time.

When President Kennedy came before the United States of America—and before the House and Senate—and suggested that we as a nation, adopt and embrace an aspiration to put a person on the Moon as an expression of our ability to expand our technological and scientific awareness, he did not have every answer for every way in which everything would happen, but he ex-

pressed it as an aspiration—an aspiration toward greatness.

The desire to climb a mountain does not always contain in it all the plans and processes and procedures, but you commit yourself to the objective and you launch your endeavor and you work your way toward the objective. And it is essential that we do that at this time.

The suggestion that our aspirations regarding Federal spending can be accomplished without a balanced budget amendment to the Constitution calls history a liar. For decades and decades, the United States of America has conceded the necessity—but never developed the discipline—to get this job done. It is time now that we make this commitment to a noble objective, to protect the birthright of a generation of Americans yet to come, to protect the opportunity for productivity and competitiveness for the next generation. It is time that we made this commitment for ourselves—and for those who follow us.

Mr. President, I am grateful to have had this opportunity to address this body on these issues. I note that Senator HEFLIN desires to speak, so I yield the floor.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I rise again to express my support for a constitutional amendment requiring the Federal Government to achieve and maintain a balanced budget. The time has finally come to pass this legislation and send it to the States for ratification. This amendment is not a gimmick, nor is it chicanery; it is good common sense.

We have seen in the House, on January 26, overwhelming, bipartisan support and passage of a balanced budget amendment. The vote in the House 300 to 132, 12 more than the two-thirds majority required for passage of a constitutional amendment, proves that the time for action is now. This momentum, shown by the House, is one which I believe will only grow as the Senate and eventually the State legislatures debate and vote to pass this vital amendment to our Constitution.

I commend the Members of both parties in the House, who formed an alliance to produce the vote, which was a culmination of over 10 years of House deliberation and debate. I applaud all for their determination to see this legislation succeed, as well as the many House Democrats who have worked unceasingly toward this victory.

And, as the waves of this tide roll into the Senate we should be aware of where the original swell began, the American people.

Since I first came to the Senate in 1979, every Congress I have introduced legislation proposing a constitutional amendment to balance the Federal budget, and I have dedicated myself to many years of work with my colleagues to adopt a resolution which

would authorize the submission to the States for ratification of a constitutional amendment to require a balanced budget.

For much of our Nation's history, a balanced Federal budget was the status quo and part of our unwritten constitution. For our first 100 years, this country carried a surplus budget, but in recent years this Nation's spending has gone out of control. Indeed, the fiscal irresponsibility demonstrated over the years has convinced me that constitutional discipline is the only way we can achieve the goal of reducing deficits.

As you know, in 1982, the Senate did pass, by more than the required two-thirds vote, a constitutional amendment calling for a balanced budget. There were 69 votes in favor of it and that time. It was sent to the House of Representatives, where, in the House Judiciary Committee it was bottled up. The chairman would not allow it to come up for a committee vote, in order that it might be reported to the floor of the House of Representatives.

In order to bring the measure up for a vote in the House of Representatives, it was necessary to file a discharge petition. This is a petition that has to be signed by more than a majority of the whole number of the House of Representatives, and then it is brought up and voted on without amendment. The Senate-passed amendment failed to obtain the necessary two-thirds vote that was required in the House of Representatives at that time.

In the 99th Congress, after extensive debate, passage of a balanced budget amendment by the Senate failed by one vote—but got 66 votes. During the 101st Congress, I supported a measure which passed the Judiciary Committee, but it was never considered by the full Senate. In the 102d Congress, the Judiciary Committee favorably reported a balanced budget bill, but since an amendment failed to pass the House of Representatives by the necessary two-thirds vote, this killed the possibility of favorable action by the Senate.

In the 103d Congress, the Senate narrowly defeated an amendment, which I cosponsored, by a vote of 63 to 47—4 votes short of the 67 votes needed for passage.

All the while, there has been considerable debate, various articles have been written in numerous publications, and editorials have appeared in countless newspapers. Many speeches have been made on the floor of the Senate, and I have made numerous speeches advocating the adoption of a constitutional amendment requiring a balanced budget.

Mr. President, I hope the time has come to finally adopt this long-overdue amendment and begin to move toward our goal of a balanced Federal budget.

Section 1 of the amendment requires a three-fifths vote of each House of Congress before the Federal Government can engage in deficit spending. A 60-percent vote in the Senate is a very difficult one to obtain. This require-

ment should establish the norm that spending will not exceed receipts in any fiscal year. If the Government is going to spend money, it should have the money on hand to pay its bills.

Section 2 of the amendment requires a three-fifths vote by both Houses of Congress to raise the national debt. In addition to the three-fifths vote, Congress must provide by law for an increase in public debt. As I understand it, this means presentment to the President, where the President has the right to veto or sign. If the President chose to veto the bill, it would be returned to Congress for action to possibly override the veto. It is also important to note that section 1, regarding the specific excess of outlays over receipts, contains this same requirement that Congress act by law.

Section 2 is important because it functions as an enforcement mechanism for the balanced budget amendment. While section 1 states outright that "Total outlays * * * shall not exceed total receipts" without the three-fifths authorization by Congress. Therefore, section 2 will require a three-fifths vote to increase the national debt. This provision will increase the pressure to comply with the directive of this proposed constitutional amendment.

In my judgment, section 2 puts teeth into the constitutional amendment. We have had many statutory enactments that say we are going to have a balanced budget. We have a procedure under this constitutional amendment that makes it more difficult to engage in deficit spending. This is a procedure by which, if there is an excess of outlays over receipts—and that means deficit spending during a fiscal year—we must approve that specific amount by a three-fifths vote of the whole membership of both Houses. That in and of itself is fine, but it is largely directory. It does not have an enforcement procedure. An enforcement procedure is provided by section 2 of the amendment, which is the public debt provision.

The public debt provision makes it more difficult for Congress to vote a deficit. It means that if we vote a deficit and fail to increase the public debt, then Government will come to a halt. If we do not increase the public debt, eventually, we run on a balanced budget.

Therefore, section 2 has the intention of making it more difficult. So I say it is not for the purpose of making it harder to pay our debts, it is to make it harder to go into deficit spending and to give an enforcement procedure—a process, a mechanism that is so important because it is not just words that we could pass by and ignore.

Other than just being directory, the amendment, by way of section 2, has some teeth and that is what is so important if we are going to do away with deficit spending and operate so that we do not spend any more money than the amount coming into the Government.

That is what we are trying to achieve here.

Section 3 provides for the submission by the President of a balanced budget to Congress. This section reflects the belief that sound fiscal planning should be a shared governmental responsibility by the President as well as the Congress.

Section 4 of the amendment requires a majority vote of the whole number of each House of Congress any time Congress votes to increase revenues. This holds public officials responsible, and puts elected officials on record for any tax increase which may be necessary to support Federal spending.

Section 5 of the amendment permits a waiver of the provision for any fiscal year in which a declaration of war is in effect. This section also contains a provision long-supported by myself—that of allowing a waiver in cases of less than an outright declaration of war—where the United States is engaged in military conflict which causes an imminent and serious threat to national security, and is so declared by a joint resolution, which becomes law. Under this scenario, a majority of the whole number of each House of Congress may waive the requirements of a balanced budget amendment.

I firmly believe that Congress should have the option to waive the requirement for a balanced budget in cases of less than an outright declaration of war. Looking back over the history of our Nation, we find that we have had only five declared wars: The War of 1812, the Mexican War, the Spanish-American War, the First World War, and the Second World War.

The most recent encounters of the United States in armed conflict with enemies have been, of course, undeclared wars. We fought the gulf war without a declaration of war. In addition, we fought both the Vietnam and Korean actions without declarations of war.

This country can be faced with military emergencies which threaten our national security, without a formal declaration of war being in effect. Circumstances may arise in which Congress may need to spend significant amounts on national defense without a declaration of war. Congress and the President must be given the necessary flexibility to respond rapidly when a military emergency arises.

In the future, there could be a war like the Vietnam war—which went on for 11 years. Without a waiver for situations regarding less than an outright declaration of war, each year you would have to waive the constitutional amendment pertaining to a balanced budget by a three-fifths vote. We might look back and we would see that the vote to withdraw the troops from Vietnam carried by only eight votes. The difference between a majority and a three-fifths vote is a difference between 51 and 60, which is 9 votes.

As I previously stated, the United States has engaged in only five declared wars, yet the United States has engaged in hostilities abroad which required no less commitment of human lives or American resources than declared wars. In fact, our Nation has been involved in approximately 200 instances in which the United States has used military forces abroad in situations of conflict. Not all of these would move Congress to seek a waiver of the requirement of a balanced budget, but Congress should have the constitutional flexibility to provide for our Nation's security.

Twice since the end of the Second World War, first in Korea and then in Indochina, this Nation has been heavily engaged in armed conflicts abroad. In other instances, American troops have been sent to foreign countries in times of crisis—Lebanon in 1958, and the Dominican Republic in 1965. Other critical situations, including the confrontation in the Formosa Straits in 1955, and the Cuban Missile Crisis in 1962, have been met by use of American military forces.

I think it is wise to look at some of the other instances in which we have had undeclared war and to see how serious they were. During 1914 to 1917, a time of revolution in Mexico, there were at least two major armed actions by United States forces in Mexico. The hostilities included the capture of Vera Cruz and Pershing's subsequent expedition into northern Mexico.

In 1918, Marines landed at Vladivostok in June and July to protect the American consulate. The United States landed 7,000 troops which remained until January 29, as part of an allied occupation force. In September 1918, American troops joined the allied intervention force at Archangel and suffered some 500 casualties.

In 1927, fighting at Shanghai caused American naval forces and Marine forces to be increased. In March 1927, a naval guard was stationed at the American consulate at Nanking after national forces captured the city. A United States and British warship fired on Chinese soldiers to protect the escape of Americans and other foreigners. By the end of 1927, the United States had 44 naval vessels in Chinese waters, and 5,670 men ashore.

When a pro-Nasser coup took place in Iraq in January 1958, the President of Lebanon sent an urgent plea for assistance to President Eisenhower, saying Lebanon was threatened by both internal rebellion and indirect aggression. President Eisenhower responded by sending 5,000 marines to Beirut to protect American lives and help the Lebanese maintain their independence. This force was gradually increased to 14,000 soldiers and marines who occupied strategic positions throughout the country.

The most recent military involvement of the United States in an undeclared war is, of course, the Persian Gulf war. Although the actual gulf

war lasted just over a month, this country had a peak strength of 541,000 troops. In addition, the Department of Defense estimates the cost of operation Desert Storm at \$47 billion.

We should recall the circumstances which occurred on January 12, 1991, when the Senate, agreeing with the House, voted by a slim margin of 52-47 to approve the use of force to stop Iraqi aggression against the State of Kuwait. This slim margin illustrates how difficult it would be without such a provision, to achieve the needed 60 votes to take a budget into deficit posture in order to finance the gulf war. Thus, circumstances may arise in which Congress may need to spend significant amounts on national defense without a declaration of war. Congress and the President must be given the necessary flexibility to respond rapidly when a military emergency arises.

Section 6 of the amendment permits Congress to rely on estimates of outlays and receipts in the implementation and enforcement of the amendment by appropriate legislation.

Section 7 of the amendment provides that total receipts shall include all receipts of the United States except those derived from borrowing. In addition, total outlays shall include all outlays of the United States except those for repayment of debt principal. This section is intended to better define the relevant amounts that must be balanced.

Mr. President, the future of our Nation's economy is not a partisan issue, which was proven with the recent vote of the House. Furthermore, the problem of deficit spending cannot be blamed on one branch of Government or one political party. Similarly, just as everyone must share part of the blame for our economic ills, everyone must be united in acting to attack the growing problem of deficit spending. I recognize that a balanced budget amendment will not cure our economic problems overnight, but it will act to change the course of our future and lead to responsible fiscal management by our national Government.

Mr. President, I yield the floor.

Mr. KOHL addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KOHL. I thank the Chair. I will not be long.

I come here this afternoon to speak in favor of the balanced budget amendment. This is not a surprise to my colleagues. I have been in support of a balanced budget amendment now for quite some time. I wish to add my voice to the voices in support of those who have up to this point indicated their support for the balanced budget amendment.

I would like to give one or two arguments that I believe are very important as we consider this very important amendment to our Constitution.

There is no question that we should not amend our Constitution very often and unless the reason is very, very important. We have only had 27 amend-

ments to our Constitution over our history, so when we consider an amendment to our Constitution we clearly have to consider whether or not that amendment is of great importance. If it is not, we should not amend the Constitution.

In this case, we have to ask ourselves whether or not financial responsibility, however it is defined, is a very important measurement and indicator of how our country is functioning at the Federal level and whether those who are entrusted with the responsibility of presiding over the Federal Government have a responsibility to be financially responsible.

I think the answer is clearly yes. I do not think any of us, whether we favor or oppose the balanced budget amendment, would argue that we have a responsibility to exercise control and good judgment over our Nation's finances.

In my opinion, one need not look very far back in our history to conclude that enough time has gone by during which time we have not exercised financial responsibility to argue very strongly of the need for the balanced budget amendment.

Let us not forget that from 1789 to 1978, we had accumulated a total of less than \$1 trillion of debt. In all the years, almost 200 years of history, our country had accumulated less than \$1 trillion of debt.

In the 16 or 17 years since then, we have gone from less than \$1 trillion to almost \$5 trillion. I do not think anybody in the Senate would argue that the past 16 or 17 years is an indicator of financial responsibility; that there is no need to pass a balanced budget amendment because the Congress and the administrative branch of Government have been acting in a responsible way.

I do not think that argument can be made. In fact, any economist who would look at our present level of debt, which is about two-thirds to 70 percent of our gross national product, would argue that this is a very unhealthy and dangerous level of debt for our country to be in. So in terms of our history over the past 15 years, 17 years, there is no indication that we are prepared to exercise financial responsibility absent something more than what we have on the books now, which is basically nothing, by way of constraint.

I do not think any of us would argue that we are not in the process now of leaving to our children an enormous debt which will cloud their lives, make their lives less happy, make them less able to take care of their needs and their generation. We are head over heels in the process of adding to the debt and providing to our children that kind of a yoke around their neck. We should not do it. We are not able to stop ourselves. And so I think that argues for the need for a balanced budget amendment.

Oh, yes, there are those who say, "Well, look at what we have done over

the past several years." I voted for the budget that is now in the process of reducing our debt. But we all know it is a quick fix or a short fix. We all know that what we voted for is not going to bring down our deficit to a proper level, not even going to bring us within hailing distance of a balanced budget in the foreseeable future and that, indeed, after these 3 years of reducing the Federal deficit, our deficit is going to start to increase in the outyears.

There is nobody suggesting we are prepared to make the hard decisions that will be required to bring what will be an increasing deficit into balance without something more than what we have on the books now, which is basically nothing, by way of restraint.

So I think it is clear that we have demonstrated we need more on the books, more restraint, more legal mechanisms, and, if you will, a constitutional amendment for a balanced budget.

Now, there are those who say, "But this amendment is draconian. This amendment is something that will tie our hands. This amendment that we are considering right now, although it does lay on the books in the Constitution a requirement to balance the budget"—and that is a good idea in concept—"we do not like."

That is fine. Let us come down here now and try to change that amendment. Let us come down here now and try to improve that amendment.

There are those who say we have to get Social Security out of that constitutional amendment consideration. I agree. And I support that. So let us see if we can argue it through and get to an elimination of Social Security as part of this constitutional amendment to balance the budget.

There are those who say we need some provision for capital outlays every year, that States that have balanced budget requirements in their constitutions have a provision for capital outlays. So, fine, let us work to get that in this constitutional amendment.

There are those who say that we should not be required to balance our budget every year, that that would not be a smart economic move. Fine. Let us see if we cannot get, instead of the 60-vote requirement, which does exist in this constitutional amendment, which would allow us to unbalance the budget in any year for any reason if we can muster a 60-percent vote in either House of the Congress—to those who say that is draconian, let us try to amend that to 55 percent, 51 percent of the vote.

If you do not believe in that, if you do not believe in coming down here to try to amend this amendment to the Constitution so that it more nearly conforms to what your ideas of what the balanced budget should look like, if you do not want to even argue that, then I would conclude that you do not want a balanced budget; that you do not believe in balanced budgets; that you do not believe we have a respon-

sibility in normal years to balance our books.

If you do not believe that, then you ought to come down and say, well, that is the way I would argue it and this is the way, and maybe you can convince us and the American public that you are right.

I do not think it is fair to say, "I believe in balancing our books but I do not believe in a balanced budget amendment, regardless of what it looks like."

That to me is a specious argument, and I think it deserves to be pointed out. I think those people who believe that we should not have an amendment to balance this country's books should come down and really say why. If the fact is they do not like this amendment, I would like to see how they would tailor an amendment they could accept to the concept that we have a responsibility to balance the books of this country, if not every 1 year, every 3 years.

Bring that to the floor of the Senate and let us argue that. But do not say, "I believe in a balanced budget, but I do not believe in a balanced budget amendment." To me that is a very difficult argument to make.

So I come down here to lend my support to those who believe we need to have an amendment to see that we exercise financial responsibility in the Congress. I look forward to this debate. I know it will be vigorous. It is very important. Undoubtedly, it will take more than just a few days, and it should take more than just a few days. I am looking forward to having that discussion with my colleagues.

I thank the Chair.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Maine.

Ms. SNOWE. Mr. President, I rise in strong support of the legislation before us: a balanced budget amendment to the Constitution of the United States.

Mr. President, this year marks an important anniversary in our national history: the 50th anniversary of the end of World War II. But as we celebrate the victory of one struggle, this year we also mark the anniversary of a loss in another battle—one whose fiscal implications are almost as prophetic as the battles of 50 years ago.

But this anniversary is one that Congress has in fact marked each year since 1969—26 years of continually running budget deficits.

This is one of the longest losing streaks in Congressional history. It is a fiscal losing streak that every American citizen has had to pay for over the past generation.

But let us be sure of one thing—this debate is not about yesterday. It is not really even about today—1995. But it is most assuredly about America's future; it is about our children's future. As one American said when he was asked about his concern for our tomorrow, "Of course I am concerned about the

future. It is where we will spend the rest of our lives."

Yet, tragically, we are squandering our future in spiralling debt—mortgaging our children's future down a vacuum of debt as we selfishly avoid the challenge of balancing our Federal budget.

Now we have another remarkable opportunity—an historic opportunity—to pass this amendment to the Constitution. I would like to commend our leader, Senator BOB DOLE, for bringing this legislation to the floor at such an early date.

I would also like to especially thank the sponsors of this bill—the Senator from Utah [Mr. HATCH], for providing exceptional leadership on this issue, and the Senator from Illinois [Mr. SIMON] for providing bipartisan support for this measure—as well as the Senator from Idaho [Mr. CRAIG] for his ongoing efforts on this critical amendment.

An early debate in this session of Congress is gratifying for many of us who have been working for more than a dozen years for a balanced budget amendment. We have already seen our efforts produce positive results—just recently, a requisite two-thirds majority in the other Chamber passed a resolution calling for a balanced budget amendment to the Constitution. The decision our colleagues made on that vote to pass this legislation for the first time, Mr. President, presents us with a renewed opportunity to act—and pass—this amendment in this Chamber, getting the requisite two-thirds majority.

We in Congress are at a precipice—a crossroads—in our relationship with the American people. We can either rise to the occasion and meet their expectations, or, we can merely do nothing and uphold the economic status quo.

Congress' focus on this measure comes after the American people cast resounding votes for change in November. By pulling the lever for action and progress, they also issued a call for an end to the economics-as-usual, an end to recurring deficits. An end to trillion-dollar debts and an end to fiscal irresponsibility and reckless spending.

In this debate, we have another opportunity to show the American people that, yes, we did listen to them, and we do get it.

And, perhaps most importantly, they voted to make Congress accountable for its actions. Thus far in this session we have taken great strides toward that responsibility. We passed legislation on congressional accountability, mandating Congress to abide by the same laws that we have passed onto the American people. And we passed legislation that will curb unfunded Federal mandates on State and local governments, which is presently being debated in the House of Representatives.

Now, we have the historic opportunity to send another message of accountability to the people by passing the balanced budget amendment. We will demonstrate our commitment to the American people. We will balance our budget, and put our Nation's fiscal house in order—permanently.

I am confident that this is the right thing to do: Every American family must balance their budget; they are not at liberty—as the Federal Government has been—to simply run annual household deficits. They play by the rules. They live by the rules. And Congress should not be living by any other standards.

For too long, we have spent without regard to our income, and in the process, we have squandered our children's future. How can we support the fiscal status-quo of increasing national debts and bequeath misery on the next generation of Americans?

We can begin a new regimen this year by facing up to our responsibilities. This is what accountability is all about. We must set our priorities within our income. We must stop borrowing against our children's future.

Without question, these will be difficult decisions, but we are not alone in facing these decisions. Nearly every State, every small business, every family, and every citizen faces similar choices each year in keeping spending under control.

I have seen firsthand the tough choices that must be made. For the past 8 years, my husband served as Governor of Maine. Like the Governors of 48 other States, he was required to balance our State's budget, irregardless of economic conditions or the State's financial status.

This means that Congress will have to make tough choices. But, with discipline these decisions are as possible as they are necessary. And lest anyone think that the States do not consider a balanced budget worthy of being a part of the U.S. Constitution, 49 States already require a balanced budget.

If accountability and discipline work at the State level, we can and should make it work at the Federal level. Congress should be able to confront the economic realities and challenges that 49 States—and every American—face as well. They have made the difficult choices even with declining revenues and a declining economy.

When we speak of interest payments, deficits, and the debt—we throw around numbers in the millions, billions and trillions. We paint a big picture that sometimes obscures the direct impact this issue has on each and every American family. We must now focus on exactly what these numbers mean in terms of people's daily lives.

There is little doubt that deficits and debt place a crippling burden on hard-working families in my home State of Maine and across our great land. An analysis compiled by the Concord Coalition, for example, suggests that the deficit takes an alarming toll in na-

tional productivity. In real terms for American families, increased productivity would mean an average American family income of \$50,000 annually, instead of the current \$35,000 a year. Lost income of \$15,000 and untold costs, Mr. President: our constituents do not deserve this injustice.

How many children, I wonder, go without a proper education because of that missing \$15,000?

How many couples or single parents forego proper, safe child care because of these numbers? How many Americans make difficult choices on health care coverage because they do not have these funds to provide coverage to their spouses or children?

Is this what has become of the American Dream when, by ignoring the deficit, we deny American families the opportunity to prosper financially, or survive economically?

But even more devastating for our workers looking for stable jobs with a good wage, the Federal deficit has had an alarming impact on our Nation's economic growth and job creation. The New York Federal Reserve Bank attributes a reduction in savings to the deficit, and says that in the 10 years from 1979 to 1989, this reduced growth in the gross national product and in personal income by 5 percent. This has a devastating effect on jobs in our Nation: 3.75 million jobs in 10 years—650,000 for every percentage point in the GNP—lost because of the deficit, according to a study by the Congressional Budget Office.

That is an astounding cost for our inaction that rests on the shoulders of every American worker.

Unfortunately, the statistics and examples of the burden our debt and deficit inflicts on each American continues to be staggering: Since 1980, our national debt has grown from \$1 trillion to \$4.7 trillion. This is expected to grow to \$6.3 trillion by 1999—a 453-percent rate of growth since 1980. During the same timeframe, the annual interest we pay on our growing national debt has ballooned out of control, rising from \$117 billion in 1982 to almost \$300 billion in 1994 to \$373 billion in 1999, or a 219-percent growth rate between 1982 and 1999. These numbers mean that in the next 5 years, the burden of this debt for every man, woman, and child in the United States will rise from \$17,938 to \$22,909—growing by about \$5,000 in just 5 years. Just in 1½ years that per capita debt had increased by \$1,300.

As the distinguished Senator from New Mexico [Mr. DOMENICI] has emphasized, our national debt represents the most unfair tax ever imposed. The Office of Management and Budget has already estimated that if we continue our current spending spree, future generations will be forced to suffer a tax rate of 82 percent in order to pay our bills. Those same generations have no say, no voice, and no vote.

But the prices of our inaction do not just come on an annual basis. Every

day, we add \$819 million of daily interest to the national debt.

One would think that, in the face of this track record that Congress would have mustered the courage long ago to meet the challenge of a balanced Federal budget, stopping short of an amendment. That is a major debate here as to whether or not we should have a constitutional amendment or a statutory approach.

It is interesting to note in the last 15 years in the Congress we have had seven opportunities to consider a constitutional amendment to balance the budget. Time and time again we heard from critics of such constitutional approach that we can do it, we do not need a constitutional amendment. All we need is to have the will and the courage and the discipline to make those choices. We have learned otherwise from that approach.

Mr. INHOFE. Will the Senator yield?

Ms. SNOWE. I will be happy to yield.

Mr. INHOFE. I thank the Senator from Maine for yielding, but I could not help thinking, when she was talking about what was going to happen to future generations, about people who keep coming up with this idea, saying, "Where are you going to cut?" And they try to single out all the programs to show that the individual who is trying to do this somehow lacks compassion. Yet, as the Senator pointed out, future generations, if we do not do something today and stay on the track where we are today, are going to have to pay for everything we are doing today.

If it gets down to a discussion of compassion, then why would we not be in a position to say that, if you really want to be compassionate, let us bite the bullet today? Let us do it.

I think the CBO and others have come up with the figures projecting out where we would be in the next 10 to 20 years if we do not make a change. If we do not pass something like this immediately, it gets down to a very personal basis. I have two grandchildren, ages 20 months and 21 months. It works out, if we do not do something and we continue on this trend that we have right now, that during their lifetimes they are going to have to pay 75 percent of their lifetime income just to service the debt.

So I guess I would ask the Senator from Maine if this is not really the most compassionate route to take, to go ahead, bite the bullet now and be responsible now?

Ms. SNOWE. Absolutely. I think the Senator makes an excellent point about that because clearly what we are doing is just deferring to future generations for payment of the bills. There is no doubt about it. I think the Senator from Oklahoma recognizes, having served in the House of Representatives over the years, as well, that it is institutionally incapable of making those decisions.

Ironically, the only time we had a lower deficit was back when we had the

Gramm-Rudman-Hollings legislation. That was because that was a tool to force the Congress to meet certain targets. But I know that many times in which I have been engaged in deficit reduction efforts as a member of the House Budget Committee in the last Congress, and previously back in the mid-1980's, I offered specific budget cuts on the floor in conjunction with some of my colleagues so that we could reach a balanced budget statutorily. And on each and every occasion, we had people objecting to every cut. There was a reason. For one, we could not cut any program.

So there are always those who have to make some tough choices. But I think the American people can do it fairly and prudently, and to prioritize and decide. What can we afford or can the American people afford? I think the American people have lost confidence in this institution, in the fact that their hard-earned taxpayer dollars are being spent wisely, because we have never been forced to make any choices here other than to spend and spend and tax and tax.

As the Senator from Oklahoma will recall, in the last Congress, we provided specific line-item reductions in numerous programs that we offered as Republicans in the House Budget Committee, and with the support of the Senator and all other Republicans on the floor. Those specific line-item cuts were ignored. We ultimately got the largest tax increase in the history of this country. Ironically, the CBO just indicated that we will get lower-than-anticipated revenues from those tax increases.

Mr. INHOFE. If the Senator will yield further, she has hit upon something that is very significant; that is, we cannot do it any other way. We served together for 8 years in the House of Representatives, and she was there before that. And I am sure what was going on before. But we tried again and again to do it from a statutory perspective, and it did not work.

I am a little embarrassed to say that it was one of the Members of the House from the State of Oklahoma that challenged in the courts the Gramm-Rudman approach to balancing the budget, which was an excellent approach. It was ingenious. However, apparently it did cause the administration to infringe upon legislative powers and there was some constitutional problem with it.

But those same people who took that to court and were able to strike it down so that we did not have to comply with the targets are the ones who say we do not want a balanced budget amendment in the Constitution because that is our job to do it. I say yes. I agree in this case with those who object to it. It is our job to do it. But we have clearly demonstrated for 40 years that we are incapable of resisting the insatiable appetite to spend the money that we generate from future generations.

Ms. SNOWE. Mr. President, I say to the Senator that 25 years ago was the last time we had a balanced budget. The Senator from Oklahoma will probably agree that we are hearing today, "We will produce a 7-year budget to achieve the balanced budget amendment." We know it is a give-and-take process. But more than that, I say the burden of proof is on those opponents of the balanced budget amendment because the statutory approach has failed. They have had an opportunity, let us say, over the last 15 years, when they objected to a balanced budget amendment, to come up with a statutory approach. We have had statutory remedies, all of which have failed.

So now we are at the point of deciding the future of this country. Do we enact a constitutional amendment? There are those who will probably fundamentally disagree with having a balanced budget whatsoever. They disagree in principle. I happen not to. I think it is most important that we do it for the country, as the Senator does. But I think it is ignoring the choices that we are required to make. I think that this is the only way in which we are going to make those tough decisions on what exactly is affordable and acceptable to the American people.

Mr. INHOFE. Mr. President, if the Senator will yield further, I think it is a significant point to make that if it is not going to be done their way, it is not going to be done at all. I do not know of one person who goes out and campaigns for office and says: Elect me, because I want to increase your deficit. I honestly do not think they really want to increase the deficits. But there is the temptation to get these programs today, saying, "Well, there is nothing wrong with it. We are borrowing from ourselves." They do not stop to think and realize sometimes what they are doing to the future generations.

I would also ask the Senator if she might stop and think about how long we have been looking at this. There was a very outstanding Senator from Nebraska by the name of Carl Curtis, many years ago. In 1970, I was in the State senate in the State of Oklahoma. At that time, just to remind you how far we have come, I can remember that the National Taxpayers Union had an advertisement that they showed on television. They said: Do you really want to know how bad the debt in this country is? Mr. President, they said: If you want to know how bad the debt is, if you took \$100 bills and stacked the \$100 bills on top of each other, by the time it reached the height of the Empire State Building—that was a tall building in those days—it would be the amount of our debt, which is \$400 billion. Now, look where it is today.

Back in 1972, this Senator from Nebraska, Carl Curtis, had a brilliant idea. He was the author of the Senate budget balancing amendment at that time. So he called me up one day. I was a State senator. He said, "INHOFE, if

you would just try something new here. Let us break down the resistance in the U.S. Senate and in Congress, because these people up here live in their ivory towers, and they don't have a sense of what is going on at home." He said, "Why don't you present a budget balancing amendment out in the State of Oklahoma?" I said, "Well, that is an ingenious idea." His thought was that if he could get 38 States to do that, it would indicate there was grassroots support for a balanced budget amendment.

Keep in mind this is 1972. So in 1972, I introduced and got passed in the State of Oklahoma a ratifying resolution. And I remember that there was a guy named Anthony Kerrigan, a syndicated columnist, who wrote an article entitled "A Voice in the Wilderness." Way out in Oklahoma, there is a State senator that is going to figure out a way to balance the budget. Here it is now, a couple of decades later, and we still have not done it. But we found in that short period of time that there is such a ground swell for support, when you get closer to the people, that we are willing to do it. And we had commitments from 38 States in 1972 to ratify such a resolution.

Ms. SNOWE. Mr. President, I say to the Senator, look where we are today in terms of the level of debt since that period of time. The Senator mentioned that he was a State senator. I, too, was a State senator in the State of Maine. We had to balance our budgets. We have had to balance our budgets in some very difficult economic times regardless of the downturn in the economy, which certainly has been the case in New England and in the State of Maine, where we have had the most difficult downturn since the Depression. They have had to balance the budget. They made tough choices.

I know in the debate on the floor in the House of Representatives, the Senator will recall in the last Congress and back in 1992, Members of the House said, "How can we possibly and accurately estimate revenue projections? How can we estimate inflation rates or interest rates or unemployment rates?"

That is going to be a very difficult and taxing responsibility. That is what every State has to do in the country, and every local government, every business, and each family does, in the final analysis. They have to make those projections and they have to correct those projections. So they have made those choices. They do not live in fiscal fantasyland like we have here in Congress. I think the American people have recognized that, and that is why they are demanding this most important and fundamental change.

Mr. INHOFE. If the Senator will yield further, going back to our years as State senators—and probably the same thing was true in Maine as in Oklahoma—people yell and scream about it. They do not like it. There are members in the house and senate in

Oklahoma who, every year, try to figure out ways to either inflate projections of income and revenues or minimize expenditures to circumvent this thing; yet, in the final analysis, they know that we have a type of sequestration that sets in. If they do not do it, they are going to have to bite the political bullet of all those people who have their programs cut by 1 or 2 percent, whatever it takes. And it works.

People in this body quite often talk about the States that have a balanced budget amendment. Look at the cities. I was mayor of the city of Tulsa—a major city—for three terms. In our charter, we had the same thing. There are always people on the city commission who want to circumvent that and somehow want to spend more money than comes in, but they have not been able to do it. For all those individuals who say this is different, the Federal Government should not be like States or should not be like the cities and the other subdivisions, they have yet to come up with any logical justification for that statement. If it works at the State level in almost all of the States and it works in almost every city charter, it would work in the Federal Government.

Ms. SNOWE. I think the Senator makes outstanding points, and I think we agree. What is more fundamental than providing fiscal order, especially for the future of this country, in making those kinds of choices, albeit difficult, but ones that are compelling and ones that need to be made? I thank the Senator for the points he has made.

In conclusion, Mr. President, might I just say, in terms of what we can expect for future deficits, it is disturbing to note the trend. The Congressional Budget Office, in fact, testified before the Senate Budget Committee recently and indicated that according to their recalculations, the deficit will increase by \$25 billion over the next 5 years. So we can expect more debt over the next 5 years than we originally anticipated because of interest rates and, in fact, lower than anticipated revenue from the income tax increases and other tax increases of 1993. Between now and 2002 we will add a cumulative total of nearly \$2 trillion to the existing debt if we make no changes in fiscal policy.

One further point. The CBO, in their testimony, indicated that, obviously, one of the positive benefits of a balanced budget would be to increase productivity because of less debt, but also, most importantly, increase the amount of personal savings in this country. And if you look at the testimony that was provided by Mr. Greenspan, that is clearly essential for the future, because the personal saving rate, in his words, has been running at its lowest level in nearly half a century. He said,

If we were a high-saving nation, we might be in a position to better tolerate the Federal fiscal imbalance. But, as you can see in the chart, the Federal deficit has generally been absorbing half or more of the available domestic saving since the early 1980's.

Looking back at the history of the past century or more, the record would suggest that nations ultimately must rely on their domestic savings to support domestic investment.

He went on to say,

The challenge for the United States over the coming decade is clear. We must sustain higher levels of investment if we are to achieve a healthy increase in productivity and be strong and successful competitors in the international marketplace. To support that investment, we shall need to raise the level of domestic saving. Absent a rise in private saving, it will be necessary to eliminate the structural deficit in the Federal budget.

So that is what it is all about—making choices, increasing the standard of living, not only for the present but for future generations, by improving productivity, job creation, and finally, I should say, improving the way in which we approach our budgetary process.

There was some testimony presented to the Budget Committee by Mr. Fosler, President of the National Academy of Administrators, saying we should have performance-based budgeting. This is an idea whose time has come, is long overdue, and in fact was proposed at the beginning of this century. I hope we will take these creative and innovative approaches as we begin the historic debate on a constitutional amendment to balance the budget.

Let me close with words of hope for a brighter future for our entire Nation. As Winston Churchill said in the days of World War II: "This is not the end. This is not even the beginning of the end. But it is, perhaps, the end of the beginning."

I hope that will be the case, because if you say "no" to a constitutional amendment to balance the budget, you are saying "yes" to the economic status quo, "yes" to the continued levels of deficits of \$200 to \$300 billion. I assure you, that is not an answer the American people want to hear, and it is one they do not deserve to hear.

I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California [Mrs. FEINSTEIN] is recognized.

Mrs. FEINSTEIN. Mr. President, I voted for the balanced budget amendment last year. I also voted for the Reid amendment to exempt Social Security, take it off budget, last year. I want to state for the RECORD—and it is my intention—that I want to vote for a balanced budget amendment.

There are two reasons I want to vote for a balanced budget amendment. The first is my own life experience. The year I was born, 61 years ago, the entire Federal debt amounted to just \$25 billion. When my daughter was born, the entire Federal debt amounted to about \$225 billion. And 2 years ago, when my granddaughter, Eileen, was born, the entire Federal debt was 150 times greater than when I was born; it was nearly \$4 trillion. My life experi-

ence shows me that, with business as usual, the Congress is not going to be able to balance a budget that, in 61 years, has gone from \$25 billion to \$4 trillion in debt.

So, in a nutshell, I want to support a strong balanced budget amendment. But I want to support the right balanced budget amendment.

In my first 2 years as U.S. Senator, I have had the opportunity to observe the standard operating procedure of the Senate—the budget, authorization, and appropriations processes—and I have become convinced that a balanced budget amendment is in order. The American people are sitting on a debt time bomb. It jeopardizes the economic security of my daughter, my granddaughter, and even generations to come, because if it continues to be business as usual, the Nation's path is one toward bankruptcy and that, quite frankly, is not acceptable.

I have listened to a lot of arguments about why we should not require a balanced budget amendment to the Constitution. In theory, certain of these have a great deal of merit. But historical and present day practices often demonstrate the wide variation between theory and practice when it comes to dealing with the Federal budget.

In theory, the Government might run deficits in times of recession to stimulate the economy, or in war simply to pay its bills, and surpluses in times of prosperity because revenue increases and unemployment decreases. In fact, though, that has not happened. In the last 35 years, the Federal Government has balanced its budget exactly twice—once in 1960, a surplus of \$300 million, and again in 1969, a surplus of \$3.2 billion.

In the last quarter of a century, the Federal Government has run up this \$4 trillion in debt without once balancing the budget. And during this time, the Nation has experienced war and peace and economic booms and recessions. Yet, never was this Government able to balance the Federal budget, let alone run a surplus.

As mayor of San Francisco, I balanced nine budgets, and I know it is tough to do so. I support this amendment, and I support a line-item veto, because I know that failing to balance the budget is a choice that this Nation can no longer afford, for the reasons so stated.

Let us talk for a moment about two charts which, when I came here, convinced me—and I regret that these are so small; we thought we had them enlarged, but we do not. These two charts, I think, are very instructive. If you can see them, Mr. President, in 1969—these are Federal outlay charts—military spending consumed 45 percent of our Federal outlays. In 1994, about 19 percent of our Federal outlays were military. So military spending has gone from almost one-half to just slightly under a quarter.

In 1969, entitlements—Medicare, Medicaid, Social Security, and AFDC—consumed about 27 percent of Federal outlays.

In 1994, they consumed almost 50 percent of Federal outlays. There is the rub. In 1969, interest on our debt consumed slightly less than 7 percent. In 1994, interest on the debt had doubled to nearly 14 percent of total outlays.

What is left? Discretionary spending—education, health, environment, Commerce, Interior, all those departments—in 1969 consumed 21 percent of Federal outlays. In 1994, 18 percent; actually down. Discretionary spending has gone down, military spending has gone down dramatically.

What has gone up? Interest on the debt and entitlements. And there is the rub. There is the answer I believe to the right to know. That is the road that lies before us. If we really want to make the budget balanced, those are the hard choices: What to do about interest on the debt—which today net interest consumes 40 percent of every person's tax dollar—and how do we control entitlements, Medicare, Medicaid, Social Security, and so on?

The Federal Government now spends \$226 billion just on interest on its nearly \$5 trillion debt. Our interest payments alone are \$59 billion greater than the projected deficit of \$176 billion for the year 1995. This means that if we did not have to service the debt, there would be no deficit this year. If we did not have to service our debt, there would be no deficit. As a matter of fact, there would be a small budget surplus. That is the irony of the problem that we have.

So if current policy continues, the CBO estimates that net interest payments will reach \$387 billion by the year 2004, or roughly 58 percent of the amount that is expected to be spent on all discretionary programs, \$669 billion will go by the year 2004 just to pay for interest on the debt. That is not for Commerce. That is not for Interior. That is not for an education program. That is not for a health program. That will not purchase a tank or an aircraft carrier or a battleship. It will be just paper to service the debt.

Today, every dollar in personal income taxes collected west of the Mississippi is used to pay for nothing more than interest. And that is the sad story, because the interest is growing and we need to stop it.

So what has 35 years of accumulated deficits meant on our committee? According to a study by the New York Federal Reserve Board, the low national savings rate, now under 3 percent—and it is the lowest of any major industrialized power—is mostly attributable to large Federal deficits. And it has resulted in a net loss of 5 percent of national income during the 1980's. That impacts interest rates, it impacts jobs, it impacts the ability to buy a home, a car, to afford an education. It impacts the job base. It impacts everything we do every day in our life.

And as it gets worse, I think what the Senator from Maine was saying is it impacts our children's destinies and our grandchildren's destinies as well.

So for all of these reasons—and I want my chairman on the Judiciary Committee to understand this—I want to vote for a balanced budget amendment because I do not believe we can make the hard choices without it. And as I have said, they are all in that 50 percent—Medicare, Medicaid, Social Security, AFDC—and then that 15 percent which is interest on the debt for the most part.

Now, I do not think Congress should push through just any amendment, no matter what. It has to be an amendment which balances the budget wisely and honestly.

And that is the rub for me. This is where we come to Social Security. Let me be frank. I do not want to speak in detail because we will go into this later.

But because of a statement I made yesterday indicating my position—and I am particularly delighted that my chairman is on the floor so that he can hear this. I consider the greatest flaw in the amendment that we have before us is the fact that it places moneys placed in reserve through the FICA tax to pay for retirements in the future. It places those revenues on budget. And I believe that that is not an honest way to balance the budget.

I believe that this puts Social Security essentially on budget. It reverses congressional action and it undermines the integrity of the Social Security system.

Now between its creation in 1935 and 1969, Social Security was always off budget. Then in an attempt to cover the cost of the Vietnam war and to mask the growing deficit, Social Security was put on budget by this Congress. This was a misuse of the Social Security trust fund.

In 1990, 2 years before I came to this place, the Congress saw that and they put an end to it. They declared as follows:

Notwithstanding any other provision of law, the receipts and disbursements of the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purpose of:

- (1) the budget of the United States Government as submitted by the President,
- (2) the congressional budget, or
- (3) the Balanced Budget and Emergency Deficit Control Act of 1985.

In this body, that vote was 98 to 2. So clearly, Members said we must not use Social Security revenues held in trust for retirement to balance the budget. And, boom, the right thing was done and it was taken off budget.

What this amendment does is put it back on budget again.

This would clearly include Social Security. It would overturn both the historical treatment of Social Security and Congress' recent decision to affirm the off-budget status of Social Security.

Worse, it would allow the misuse of Social Security funds to continue.

The important point is, Congress has already debated this. They have taken it off budget. It is not a loophole. This amendment is not meant to be an escape hatch.

I know that there is an amendment at the desk called S. 290. I reviewed that amendment. That amendment is flawed because that amendment deals with benefits. It does not deal with the moneys that are taken from the FICA tax paid by employees and employers and held in trust for retirees.

Now, even without this balanced budget amendment, just for one short moment let us look at what happens with Social Security now off budget.

Here we are today in 1995. Social Security is generating surpluses.

As a matter of fact, Social Security will generate these surpluses, up to the year 2002. In 1995, \$69 billion; 1996, \$142 billion. It climbs and it climbs. In 1999, it is \$394 billion. It goes up to \$705 billion of surpluses from the FICA tax held in trust to pay retirements for the baby boomer generation that is now, alas, beginning to retire.

What happens? What happens is this: There is \$3 trillion by the year 2015 in revenue surpluses. Then they plunge. They go down to the year 2030, \$700 billion negative. Negative. Now, here is the rub with this amendment. It takes all of these revenues and it puts them on budget. So these revenues are used to balance the budget. The way to avoid \$705 billion in 2002 when this becomes relevant is to create a surplus of \$705 billion. Nobody here believes we will be able to create a surplus of \$705 billion to protect Social Security.

So what is the answer? The answer is, in an honest amendment, take it off budget. Do not allow those revenues to be used.

Now, I would like to have printed in the RECORD a letter I received today from Martha McSteen, the president of the National Committee to Preserve Social Security and Medicare. She says:

I am writing with regard to S. 290, introduced recently by Senators Kempthorne, Dole, Thompson and Inhofe. The fact that the sponsors of S. 290 believe that it is necessary to take action to protect Social Security under a balanced budget amendment is, in my view, proof that it is imperative that the Senate adopt your amendment to exclude Social Security from the balanced budget amendment.

The pending balanced budget amendment reverses the 1990 law removing Social Security from a consolidated budget and put Social Security back on budget as part of the Constitution. This represents a serious problem for Social Security which cannot be addressed by S. 290 or any statutory measure. Sponsors of S. 290 cannot bind future Congresses to their legislation or, for that matter, ensure that this Congress will not modify or overturn this legislation while Social Security

would remain on budget as part of the Constitution.

I also note that while S. 290 attempts to prohibit Congress from increasing Social Security revenues or reducing benefits to balance the budget, it will allow Congress to continue using the surplus in the Social Security trust fund to conceal the deficit. This only confirms our understanding that the proponents of the balanced budget amendment intend to continue this budgetary charade, thereby avoiding balancing the budget well into the next century.

I ask unanimous consent that the letter in its entirety be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE,
Washington, DC, February 1, 1995.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Washington, DC.

DEAR SENATOR FEINSTEIN: I am writing with regard to S. 290, introduced recently by Senators Kempthorne, Dole, Thompson and Inhofe. The fact that the sponsors of S. 290 believe that it is necessary to take action to protect Social Security under a balanced budget amendment is, in my view, proof that it is imperative that the Senate adopt your amendment to exclude Social Security from the balanced budget amendment.

The pending balanced budget amendment reverses the 1990 law removing Social Security from a consolidated budget and puts Social Security back on budget as part of the Constitution. This presents serious problems for Social Security which cannot be addressed by S. 290 or any statutory measure. The sponsors of S. 290 cannot bind future Congresses to their legislation, or for that matter ensure that this Congress will not modify or overturn this legislation while Social Security would remain on budget as part of the Constitution. I also note that while S. 290 attempts to prohibit Congress from increasing Social Security revenues or reducing benefits to balance the budget, it will allow Congress to continue using the surplus in the Social Security trust funds to conceal the deficit. This only confirms our understanding that the proponents of the balanced budget amendment intend to continue this budgetary charade thereby avoiding balancing the budget until well into the next century.

The nearly six million members and supporters of the National Committee to Preserve Social Security and Medicare strongly oppose this practice of using the surplus generated by the Social Security payroll tax to fund deficit reduction or mask the true size of the general fund deficit.

Let's not forget that the continued borrowing from the Social Security trust funds will only create huge debts for the next generation which will be forced to redeem the bonds through massive tax increases.

The only way for proponents of the balanced budget amendment to live up to the many promises not to harm or undermine Social Security is to explicitly exclude it from the text of S.J. Res. 1.

Sincerely,

MARTHA A. MCSTEEN,
President.

Mrs. FEINSTEIN. Mr. President, I earnestly implore my committee chairman, the key is simply to exclude the revenues from balancing the budget in an amendment to this amendment, and

that would be presented next week. I believe it is the only way to have an honest amendment. I also believe that it makes sense.

There are 40 million people today on Social Security. By the time this amendment is ratified and the first balanced budget is prepared, there will be 80 million Americans on Social Security. Young people working today can expect that the money will not be there to pay for their retirement, and yet they are paying FICA taxes. That is not right. They should not have to pay if the money is not going to be there. If the money is used to balance the budget, it just brings the crunch to Social Security that much sooner. I do not think that that should be a by-product of a balanced budget amendment. More fundamentally, I believe it is a flaw that will cause its nonratification by enough States to make it the law of the land.

What I want to say, the bottom line is if we can adopt the amendment—and I just read the amendments to the Constitution again this morning—I think if we are going to have monetary policy in the Constitution, it is fitting, just as there are technicalities in other amendments on double jeopardy and that kind of thing, that there be an amendment which simply exempts the revenues from the trust funds that hold the FICA taxes.

As I said yesterday, absent those, absent that amendment, I cannot vote for a balanced budget amendment. With that amendment, I can vote for a balanced budget amendment. So I say these things today, for whatever help it might be to my chairman in considering where this matter rests.

Mr. President, in the year that I was born, the Federal debt amounted to less than \$25 billion. In the year my daughter was born, the Federal debt was about \$225 billion—10 times greater. My granddaughter Eileen was born 2 years ago. At the time of her birth, the Federal debt was more than 150 times greater than it was when I was born—nearly \$4 trillion.

That, in a nutshell, is why I am a strong supporter of a constitutional balanced budget amendment. The path we are on is unsustainable. We do not have another generation to allow this problem to fester. The time for action is now.

In my first 2 years as a U.S. Senator, I have had the opportunity to observe the standard operating procedure of the Senate—the budget, authorization, and appropriations processes. I am convinced that without a constitutional amendment, this body will simply be unable to balance the budget.

Let me share what I see the problem to be.

The American people are sitting on a debt time-bomb jeopardizing the economic security of generations of Americans to come and I believe that without the imposition of an amendment such as this, it will continue to be business as usual. In my opinion, business as usual just isn't acceptable.

Although amending the Constitution is strong medicine, I am convinced that without this strong medicine, America's fiscal health will not improve.

I have listened to the various arguments about why we should not require a balanced budget amendment to the Constitution. In theory, certain of these arguments have merit. But, I am afraid that historical and present day practices often demonstrate the wide variation between theory and practice with regard to the Federal budget.

In theory, the Federal Government might run deficits in times of recession to stimulate the economy or in war simply to pay its bills, and surpluses in times of prosperity because revenue increases and unemployment decreases. In fact, that has not happened.

In the last 35 years, the Federal Government has balanced its budget exactly twice. Once in 1960, a surplus of \$300 million and again in 1969, a surplus of \$3.2 billion.

In the last quarter of a century, the Federal Government has run up more than \$4 trillion in debt without once balancing the budget. During this time, this Nation has experienced war and peace and economic booms and recessions. Yet, never did this Government balance the Federal budget, let alone run a surplus.

As mayor of San Francisco, I balanced nine budgets in a row. I know how difficult it is to do. But that is why we are elected—to make those tough choices. I support this amendment and the line-item veto because I know that failing to balance the budget is a choice that this Nation cannot afford.

INTEREST ON THE DEBT

The Federal Government now spends over \$226 billion annually just to pay the interest on its nearly \$5 trillion debt. Our interest payments alone are \$59 billion greater than the projected deficit of \$176 billion for fiscal year 1995. This means that if the United States did not have to service this enormous debt, there would be no deficit this year. In fact, we would have a small budget surplus.

If current policies continue, the Congressional Budget Office estimates that net interest payments will reach \$387 billion by the year 2004 or roughly 58 percent of the amount that is expected to be spent on all discretionary programs—\$669 billion will go just to pay for interest on the debt.

Today every dollar in personal income taxes collected west of the Mississippi is used to pay for nothing more than interest on America's staggering Federal debt, or put another way, that's 40 percent of each taxpayers' tax dollar. This money is not used to build new highways, planes, or ships, provide medical care to a child or grandparent, or education to our Nation's students. Americans receive no services, no public infrastructure, no investment for these interest payments. They get

nothing for 40 percent of their taxes. Left alone, that will become 50 percent, then 60 percent, and on and on till bankruptcy.

What has 35 years of accumulated deficits meant to our economy? According to a study by the New York Federal Reserve Board, the low national savings rate, now under 3 percent—the lowest of any major industrialized country—mostly attributable to large Federal deficits, and it has resulted in a loss of 5 percent growth in our national income during the 1980's. Now that's a big deal. Let me tell you what it means.

ISSUES OF CONCERN

For all those reasons, I believe the time has come to pass a constitutional balance budget amendment. I recognize, however, that amending the Constitution of the United States is very serious business. It has been amended just 17 times since 1791.

Congress should not push through just any amendment that says just balance the budget no matter what. We must pass an amendment which will let us balance the budget honestly and wisely.

SOCIAL SECURITY AMENDMENT

I must be frank. I don't believe that legislation before us is the best constitutional amendment. Its greatest flaw is that it continues the process of misusing Social Security funds. Let me explain how:

First, this amendment would put Social Security on-budget, thereby reversing congressional action and undermining the integrity of the system.

Between its creation in 1935 and 1969, Social Security has always been off-budget. In an attempt to cover the costs of the Vietnam war and later to mask growing deficits, Social Security was put on-budget.

This was a misuse of the Social Security trust fund. In the 1990 Budget Enforcement Act, Congress put an end to this by declaring Social Security funds off-budget. The act states:

* * * the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund—which together make up the Social Security Program—shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

- (1) the budget of the United States Government as submitted by the President;
- (2) the congressional budget, or
- (3) the Balanced Budget and Emergency Deficit Control Act of 1985.

An amendment in the Senate to exclude Social Security from budget calculations was passed in the 101st Congress by a vote of 98 to 2. Every Member there that served in the 101st Congress voted for that amendment.

The joint resolution before us now requires total outlays not to exceed total receipts for any fiscal year. This would clearly include Social Security and thereby overturn both the historical treatment of Social Security and Congress' recent decision to affirm the off-budget status of Social Security.

Worse, it would allow the misuse of Social Security funds to continue.

The important point is, Congress has already debated this matter and decided to take Social Security off-budget. This is not a loophole. It was an informed decision to budget honestly. Now this constitutional amendment will reverse that. This amendment would enshrine this abuse of Social Security in the U.S. Constitution.

This debate is not about who wants to protect Social Security and who does not. It is about who wants to be honest with the American people in our budgeting and fiscal policy and who does not. To be honest, Social Security must remain off-budget. Including Social Security in the budget calculations would be the enormous loophole. It is not the Federal Government's money and should not be used as if it is.

Second, Social Security is not like other Government programs and should not be treated like other Government programs.

Social Security is a publicly administered, compulsory, contributory retirement program. Through the Federal Insurance Contributions Act [FICA], workers are required to contribute 6.2 percent of their salaries to Social Security. Employers are required to match that amount. This 12.4 percent contribution funds the Social Security system. By law, these funds are required to be held by the Federal Government in trust. They are not the Federal Government's funds, but contributions that workers pay in and expect to get back.

Third, Social Security does not contribute to the Federal deficit.

In fact, the Social Security trust fund surpluses are masking the true size of the deficit. In 1995 Social Security will take in \$69 billion more than it will pay out in benefits. By 2001, Social Security will be running surpluses of more than \$100 billion a year. By including Social Security in the constitutional balanced budget amendment, Congress would obfuscate the true deficit problem.

Fourth, the failure to save Social Security's surpluses could undermine the system's viability.

In the late 1970's and early 1980's, Congress changed the way the Social Security system was financed. Recognizing the large demand on the system that would be created by the retirement of the baby boomer generation early next century, the Social Security system was changed from as pay-as-you-go system to a system that would accumulate large surpluses now to prepare for the vast increase in the number of retirees later.

Rather than saving these large surpluses, however, Congress has used them to finance the deficit. That means beginning in 2019, when Social Security is supposed to begin drawing down its accumulated surpluses to pay for the benefits of the vast numbers of

retiring baby boomers, there will be no money saved to draw on.

Congress will be forced to either raise taxes, cut benefits, or cut other spending programs to meet the obligations workers are paying for now. In short, the American workers will have to pay twice for the retirement of the baby boomers because we are not saving what they contribute now.

As the chart next to me illustrates, the Social Security surpluses will decline and then plunge dramatically into deficit. The deficit will reach \$700 billion a year by 2029.

Between 1995 and 2002, Congress will essentially steal \$705 billion from the Social Security trust fund. That is the amount of surplus that is supposed to be saved over that period, but instead will be used to balance the budget. If we are to save that money, the budget would have to run a surplus of \$705 billion and we know that will not happen.

By the year 2018, the Federal Government will owe the Social Security system \$3 trillion. Those who say that Social Security is not on the table with this amendment are incorrect. It is—bigtime; to the tune of \$3 trillion of reserves for retirement that will be involved unless our amendment is passed.

Clearly, unless we begin saving the Social Security surpluses and addressing the long-term needs of the system, we will be spearheading a financial Armageddon for Social Security.

The only way to save the Social Security surpluses to pay for future retirements is to balance the budget exclusive of Social Security.

The impact of this, of course, would be that the Federal Government would run a unified budget surplus—a balanced Federal budget and a surplus in the Social Security trust fund. In this way, we would cut the Federal debt and save Social Security funds, not just watch the debt keep growing. That is what the amendment Senator REID and I are offering would do—it would require a balanced Federal budget exclusive of Social Security.

Social Security system does have a long-term financing problem. In my opinion, an expert advisory board should be formed to advise Congress on how to adjust the system to restore balance and make the system live within its means.

The point, however, is that Social Security changes should be made to shore-up the long-term solvency of the Social Security system, not for any other reason. By keeping Social Security in this amendment, Congress would continue the shell game.

My support for maintaining the integrity of the Social Security system reinforces my support for the balanced budget amendment. But, a balanced budget amendment that uses Social Security funds is not truly balanced.

I support a constitutional balanced budget amendment that is honest, but I cannot support a balanced budget amendment which would enshrine the

theft of Social Security trust funds in the U.S. Constitution.

If my vote is needed to pass this amendment, then Social Security will have to be exempted.

Mr. HATCH. Will the Senator yield?

Mrs. FEINSTEIN. Mr. President, I yield.

Mr. HATCH. Mr. President, I personally understand what the distinguished Senator from California is saying and trying to do.

Keep in mind that although that curve goes up and down, in the year 2030, it starts going into a deficit. If the balanced budget amendment is in play, it will not be allowed to go into the deficit. It is one way we can protect Social Security.

Under the Senator's approach, it would go into the deficit. The only way to protect it is to increase taxes. Now, under the Senator's approach, there is no limitation on increasing taxes on Social Security. They can just go up every year. There is no way to stop it. With a balanced budget amendment, when that heads into deficit, we have to balance that account.

Now, I might also mention that the distinguished Senator knows that every penny of surplus of Social Security is being used to buy Government instruments now. Every nickel of that so-called surplus is being used to buy Government instruments; in other words, pieces of paper that say the U.S. Government owes the Social Security fund so much money. By the year 2030, it goes into deep deficit. The Senator is absolutely right on that. The balanced budget amendment forbids it from doing that because we cannot allow it to go into deficit.

The fact of the matter is that during this whole time, while that curve goes up and then down, all of that money is gone anyway, because they have purchased Government bonds, which if we do not get spending under control and if we do not get this economy under control, which only a balanced budget amendment can do, none of that surplus is going to be there when we need it, anyway. That is why we have to have a balanced budget amendment.

Now, I have listened to my dear friend and colleague from California. She said she wants to support a balanced budget amendment. I do, too. If I had the sole authority to write this amendment, it would undoubtedly be different. I did not have that luxury. Neither does my friend from California. As much as the Senator is sincere in trying to protect Social Security this way, she is not protecting it. If I had the sole authority, I would write it differently. I think the Senator from California would, also.

Let me just end this one thought. We have worked on this for 12 years—Democrats, Republicans, liberals, conservatives, moderates, people from all over the country. This is it. This is the best we can do. It is good. It is not perfect; nobody claims that it is. But it is as near perfect as we can get it, with

the many varying viewpoints and differences that divide Members on both sides of this Capitol Hill and in both parties. So this is it.

If we do not pass this balanced budget amendment, then all the sincerity in the world that the distinguished Senator from California has in trying to protect the Social Security Trust Fund—and I am with her on that, and I will do everything in my power to help her throughout her whole Senate career to get there—everything she is arguing for will go down the drain for sure.

Because interest rates are going to go higher, the debt is going to get bigger, our children's future is going to be mortgaged away, and we are all going to wind up without the funds anyway because there will not be any way the Government can pay the instruments of debt that it is signing everyday on Social Security.

So I urge my colleague to really think this through because it is going to take both sides of the floor to really save Social Security from what really is a voracious Federal Government, a powerseeking monster that does not seem to care what the future is all about.

If we do not take this and seize this one opportunity to put through this bipartisan consensus amendment, which both Democrats and Republicans have worked on, and we let this go, I guarantee you—I guarantee you—that if we ever put through another one, it will be a lot tougher and a lot worse than this one, in the eyes of most people from the more liberal persuasion.

That is, if we get one at all, and if we do not get a balanced budget amendment at all, there will be no fiscal mechanism to force us to make priority choices among competing programs. I am willing to continue this dialog with my friend because I value her viewpoint, I value her, the distinguished Senator from California.

I know the sincerity that she has on this, and I know what she is trying to do. I am there with the Senator, but we will never get there without a mechanism called a balanced budget amendment in the Constitution. We all know it. I do not think anybody doubts it.

The fact of the matter is, this is it. There is nothing we can do to make it any better and keep the very close votes that we have to have to pass it. I might add, the distinguished Senator from California is a critical vote in this matter. We value that vote. Even though the Reid amendment went down last time, the distinguished Senator from California voted with us because it was the best we could do.

I have to say, as a Senator from Utah and as somebody who has worked on this for years who really, really, really has given everything he has to try and get this done, that I wish it could be otherwise. I wish we could solve every problem there is, but there is no way we can do it in this context, there is no way we can do it in this Congress. But we can move ahead by solving a lot of

the problems and, I think, in the process protect Social Security better than it is protected today because we will be protecting the economy which, after all, is what Social Security depends upon.

If we reach a point where the debt has to be monetized, where we use cheap and worthless dollars to pay off the debt to get it off our backs, and inflation shoots up dramatically, which it will, 250-percent-plus range and we become like most of the Third World countries that are presently going through those problems, where is Social Security going to be at that time? Where are our seniors going to be? Where are the young people going to be? Where is the future?

The greatest country in the world is going to go down because we do not have the fortitude and the strength of mind and presence of mind and the guts to do the only thing that we can do right now. Look, there are people on my side who feel like killing because they are not getting a three-fifths vote requisite to increase taxes. They are just beside themselves. We saw 252 of them over in the House just beside themselves. I told them at the beginning of this Congress there is no way they can get more than 260 votes over there. We certainly do not have the votes here unless somebody tries to manipulate others, who do not want the amendment anyway, into voting that way.

(Mr. THOMPSON assumed the Chair.)

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. HATCH. Yes.

Mr. GRAMM. Mr. President, the Senator does not control the floor.

Mr. HATCH. The Senator from California controls the floor. I am trying to make this one point: I know what the Senator is trying to do. I appreciate it. I want to help her, and I will help her all the time that I am here in the Senate because I do not want to see the Social Security trust fund compromised in any way. I believe everybody on this side will help her. But if her point of view becomes—well, it will not become because there is no way we will have a balanced budget amendment if she insists that this has to be there and enough people do that we do not have the votes, there is no way we can have a balanced budget amendment.

But if her point of view becomes the law, then come the year 2028, 2029, 2030, we are going to be in a tremendous deficit, that is if we make it that far. In the interim time, of course, our debts are going to mount up, our interest rates will go off the charts, our economy is going to go bust and all those debt instruments that are supposed to pay this surplus to help people on Social Security are going to default, or else—we would never let them default—they would be paid by cheap dollars, by dollars that are worthless and people on Social Security will not be

able to buy the food, clothing, the shelter that they need under those circumstances.

So the best thing we can do right now, if we are really concerned about it, is pass a balanced budget amendment, get this mechanism in place, make us make priority choices among competing programs, have us live within our means, and keep this trust fund strong and keep Social Security strong well into the next century and beyond the year 2030.

I wanted to make those points. I am willing to work with the Senator from California. I am willing to line up with her and try and help solve these problems. It is just there is so much we can do on this balanced budget amendment. This is it. It depends on the good faith of all of us here whether we are going to pass it or whether we are not going to pass it. I believe we will in the end, but it is going to take an awful lot of effort by all of us, and I suspect it is going to be a long, hard debate.

I hope the distinguished Senator from California will keep an open mind and work with us on it, and I promise I will try to help her in her goals and her desires to make sure this trust fund is protected for everybody in our society.

Mrs. FEINSTEIN. I thank the Senator.

Mr. JOHNSTON. Will the Senator from California yield for a question?

Mrs. FEINSTEIN. Yes.

Mr. JOHNSTON. Mr. President, we had a discussion yesterday on the floor about the authority of the courts with respect to a balanced budget amendment, whether they would have authority to enforce that, and the distinguished Senator, Senator HATCH, responded to that in part. I will have more to say about that later.

Mr. President, my question today has to do with the authority of the President with respect to the balanced budget amendment. I wonder if the Senator from California can tell me when the President, on Inauguration Day, raises his hand and swears to uphold the Constitution of the United States, which at that time, let us assume, includes this amendment, my question is, what authority or what duty does the President have under this amendment to balance the budget if the Congress, in fact, has not balanced that budget?

Mrs. FEINSTEIN. I cannot answer that with specificity, but it would seem to me that if Congress fails to balance the budget that the President would have some authority, and whether this automatically confers a line-item veto or whether we do it separately, it would seem to me that the President should be a player and a dominant player in being able to assure that the budget is balanced.

Mr. JOHNSTON. If the Senator assumes that this amendment gives to the President that line-item veto, I assume that the Senator also assumes that that power is without limitation; that is to say, if the President has the

authority under this amendment to balance the budget if Congress has failed to do so, then the President can take whatever part of the budget he wants and impound it without limitation. He can impound Star Wars, he can impound Social Security, he can impound railroad retirement, or any part to any degree of the Federal budget. Would the Senator agree with me on that?

Mrs. FEINSTEIN. Not necessarily, I say to the distinguished Senator from Louisiana.

If I might refer this to the chairman of the Judiciary Committee, I think it would be most interesting to have his response to this question.

Mr. HATCH. I am sorry; I was not listening.

Mr. JOHNSTON. Yes. The question I had, Mr. President, was to what extent does the President of the United States have a duty or authority under the Constitution, which he is sworn to uphold, to balance this budget if the Congress has failed to do so?

Mr. HATCH. Well, every President has a duty to do his best or her best, to try to bring our fiscal house into order. But for the last 26 years no President has been able to really submit a balanced budget to the Congress. They may have once or twice.

Mr. JOHNSTON. What I really have in mind is what is the limit of the President's impoundment authority under this amendment?

Mr. HATCH. He has no authority at this point.

Mr. JOHNSTON. Under this amendment, if this amendment passes?

Mr. HATCH. That is right. Do you mean under the balanced budget amendment?

Mr. JOHNSTON. If this constitutional amendment passes and becomes the law of the land and the President takes the oath to uphold this Constitution—

Mr. HATCH. There would be no impoundment authority under this balanced budget amendment. Under Senate Joint Resolution 1, or House Joint Resolution 1, there is nothing in either amendment, either the House or the Senate version—and they are both identical except for one comma—

Mr. DODD. Will the Senator yield?

Mr. GRAMM. I ask for the regular order.

Mr. HATCH. Under either version, there is no right to impound. It is not the intention of this amendment to grant the President any impoundment authority.

The PRESIDING OFFICER. The regular order is that the Senator from California has the floor.

Mr. HATCH. As I understand it—

The PRESIDING OFFICER. And may only yield for a question.

Mr. HATCH. As I understand it, she wanted me to answer these questions.

Mrs. FEINSTEIN. That is right.

The PRESIDING OFFICER. That would take unanimous consent.

Does the Senator yield?

Mrs. FEINSTEIN. Yes, I yield.

Mr. JOHNSTON. Mr. President, I would like to pose the question.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSTON. Then let whoever wishes answer it. I think it is a very serious question. And I do not think it is answered by the terms of the amendment or by the legislative history here. After all, we have a Budget Control and Impoundment Act, but this is the Constitution we are expounding. I think it is at least arguable, if not persuasive, that this constitutional amendment would overrule that Budget Control and Impoundment Act and would return us to the days of President Nixon where he felt that he had the inherent power to impound. Indeed, he might feel as if he had the inherent duty to impound. I think we better find the answer to that and, if it is not clear under the amendment, make it clear.

I might say to my friend from California that I propose later on to make it clear what the authority of the courts is by an amendment which I am working on, and I would like to also make it clear what the power of the President is. These are fundamental constitutional questions with overriding importance to the country, and before we pass a constitutional amendment we need to know whether it is enforceable and, if so, by whom.

So I hope the Senator will work with us and will withhold some judgment. Assuming she can get her Social Security issue successfully solved, I hope she will also understand the gravity of the question of enforceability and the absolute necessity to clear up what is an overhanging ambiguity in this amendment. It is an ambiguity so great that it is almost impossible to fly through that fog, and I hope she will work with us in trying to get that cleared up.

Mr. HATCH. Will the Senator yield?

Mrs. FEINSTEIN. I thank the Senator. I do yield.

Mr. GRAMM. Mr. President, I must raise a point of order. Under the rules of the Senate, you cannot yield for comments. You cannot yield through the person who holds the floor for someone else to ask questions. We have people who are waiting to speak. We have an order under which they speak. And I think if people want to speak, they should wait, be recognized, make their point, raise these profound questions about what happens if we do not do what the American people want us to do. The debate here is about how we do what the American people want us to do.

The PRESIDING OFFICER. The Chair is going to enforce the rules of the debate. The Senator may only yield for a question.

Mr. HATCH. May I ask a question—

The PRESIDING OFFICER. The Senator from California.

Mr. HATCH. Of the Senator from California. Then I will bring this to a close.

Mrs. FEINSTEIN. Absolutely.

Mr. HATCH. The question I have is would the Senator like me at this point to answer the question of the Senator from Louisiana?

Mrs. FEINSTEIN. That would be helpful.

Mr. HATCH. Mr. President, I wish to respond to the impoundment argument that Senator JOHNSTON has just raised. In each of the years the balanced budget amendment has been debated, I have noticed that one specious argument is presented as a scare tactic by the opponents of the amendment. This year the vampire rising from the grave is Presidential impoundment. Supposedly, a President, doing his best Charles I of England impersonation, when faced with the possibility of budgetary shortfalls after ratification of the balanced budget amendment, will somehow have the constitutional authority—nay duty—to arbitrarily cut social spending programs or even raise taxes. Well, Charles Stuart literally lost his head when he claimed as a prerogative the powers of the Commons. So too, a President may not claim authority delegated by the Constitution to the people's Representatives. The law is our Cromwell that will prevent impoundment.

I want to emphasize that there is nothing in Senate Joint Resolution 1 that allows for impoundment. It is not the intent of the amendment to grant the President any impoundment authority under Senate Joint Resolution 1. In fact, there is a ripeness problem to any attempted impoundment: indeed up to the end of the fiscal year the President has nothing to impound because Congress in the amendment has the power to ameliorate any budget shortfalls or ratify or specify the amount of deficit spending that may occur in that fiscal year.

Moreover, under section 6 of the amendment, Congress must—and I emphasize “must”—mandate exactly what type of enforcement mechanism it wants, whether it be sequestration, rescission, or the establishment of a contingency fund. The President, as Chief Executive, is duty bound to enforce a particular requisite congressional scheme to the exclusion of impoundment. That the President must enforce a mandatory congressional budgetary measure has been the established law since the 19th century case of *Kendall v. United States ex rel. Stokes*, 37 U.S. (12 Pet.) 542 (1838). In *Kendall*, Congress had passed a private act ordering the Postmaster General to pay *Kendall* for services rendered. The Supreme Court rejected the argument that *Kendall* could not sue in mandamus because the Postmaster General was subject only to the orders of the President and not to the directives of Congress. The Court held that the President must enforce any mandated—as opposed to discretionary—congressional spending

measure pursuant to his duty to faithfully execute the law pursuant to Article II, section 3 of the Constitution. The *Kendall* case was given new vitality in the 1970's, when lower Federal courts, as a matter of statutory construction, rejected attempts by President Nixon to impound funds where Congress did not give the President discretion to withhold funding. E.g., *State Highway Commission v. Volpe*, 479 F.2d 1099 (8th Cir. 1973).

The position that section 6 implementing legislation would preclude Presidential impoundment was seconded by Attorney General Barr at the recent Judiciary Committee hearing on the balanced budget amendment. Testifying that the impoundment issue was in reality incomprehensible, General Barr concluded that “the whip hand is in Congress’ hand, so to speak; under section 6 [the] Congress can provide the enforcement mechanism that the courts will defer to and that the President will be bound by.”

What we have here then, is an argument based on a mere possibility. Under the mere possibility scenario of an impoundment we would have to include any possibility, however remote, in the amendment. The amendment would look like an insurance policy. Why place something in the Constitution that in all probability could never happen, especially if Congress could preclude impoundment by legislation?

Mrs. FEINSTEIN. I thank the Chair. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I am going to get to the issue of Social Security toward the end of my speech, but I think it is very interesting that the focal point of the debate here is what would happen if we did not do what the American people want us to do, after we have amended the Constitution to require that we do it. It seems to me that the focal point of debate ought to be how do we do what the American people have demanded in overwhelming numbers that we do. That is, how do we balance the Federal budget?

Mr. President, there are a lot of issues about which I wish to talk. I certainly want to speak about Social Security because one of the things that I believe many people watching this debate do not know is that because of a profound election result on November 8, if every Democratic Member of the Senate were to vote the way that Senator did when we voted on the balanced budget amendment to the Constitution the last time, we will adopt it—the House has already adopted it—it will go to the States; it will be ratified; and it will become the law of the land.

So it is of some profound importance when Senators who voted for this very amendment in the last Congress now raise a multitude of objections against the very amendment that they voted

for in the last Congress when there was no chance of it being adopted, when we were not shooting with real bullets, because now we are in fact shooting with real bullets and we have the opportunity to change the Constitution and to change the history of the United States of America.

Mr. President, I wish to begin by pointing out that, while I am sure there are a lot of people who believe this debate on the balanced budget amendment to the Constitution is driven by the tax and spend history of our country in the last 40 years, a history of runaway Government spending, of the explosion in growth of the Federal Government, of an explosion in the tax burden, in reality we are engaged today in an old debate and not a new debate.

In fact, no less of an authority than Thomas Jefferson, when he first saw the Constitution, raised his concern about the absence of a provision which in essence is the provision that we are debating today. If some of you will remember, Thomas Jefferson was the Minister to France when the Constitution was written, and he is one of our Founding Fathers who did not attend the Constitutional Convention.

When Jefferson had an opportunity to read the Constitution and to understand its provisions, he talked in a letter about one change that he would like to make. Some of us are familiar with this quote, but many engaged in the debate are not, and I wish to read it. Here is what Jefferson wrote:

I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution. I mean an additional article taking from the government the power of borrowing.

So, Mr. President, there is no doubt that we are here today debating a balanced budget amendment to the Constitution because of the utter failure of the Congress and the President, Democratic Presidents and Republican Presidents, primarily Democratic Congresses, but both to get the job done. But this is not a new debate. Thomas Jefferson recognized at the beginning of the Republic that it was desirable to put into the Constitution a limit on the ability of government to borrow money, and in a sense we are correcting a problem in the Constitution that Jefferson recognized from the beginning.

While I am on the subject of Jefferson, it is important to note that we see each day, I believe, in the numbers that we look at on the deficit, a debate which Jefferson engaged in with John Adams. Jefferson and Adams were political enemies during their careers, but once they had retired they became close friends. They engaged in correspondence. And part of that correspondence has become famous as the Jefferson-Adams debate.

It is more than I will outline, but the essence of the debate was as follows.

Adams, ever the pessimist, argued that people would discover that they could use Government to redistribute wealth and that once they made the discovery that Government power could be used to redistribute wealth, Adams argued that it would reward indolence, that it would impose a burden on productive behavior, and that democracy would fail.

Jefferson, ever the optimist, argued that people would make the discovery—they would discover that Government, through taxing and spending, could be manipulated by special interests and that it could be used to take the fruits of the labor from the laborer and give it to people who were not equally productive or who were more powerful politically. But Jefferson argued that the American people would always be so committed to broad-based opportunity that they would recognize that what the Government could take from someone else today and give to them, they could take from them and give to someone else tomorrow, and Americans would therefore reject Government as an instrument for redistributing wealth.

In a very real sense, today we are immersed in the Jefferson-Adams debate. While I believe that Jefferson is right, the debate as it is now structured is biased in favor of the Adams argument. Let me give a practical example.

I guess my first experience in budgetary politics was after I was elected to Congress in 1978 as a Democrat. In 1979 and 1980 the country got into trouble. We had 13.5 percent inflation, we had 21.5 percent interest rates under President Carter, and President Carter in 1980 withdrew his budget, in an extraordinary action, and he sent to the Congress, as best I can remember, about a \$6 billion savings package. Most of the package was phony. Some of it supposedly saved money by spending money sooner rather than counting it in the future year. We have all seen that happen and some have practiced it. He also moved some spending to a future year. But there was \$1 billion of real savings that he proposed by denying Government retirees a twice a year cost-of-living increase.

That saved \$1 billion by giving Government retirees a once a year cost-of-living increase instead of a twice a year cost-of-living increase. At the time, 98 percent of all private retirees had no cost-of-living increase, but my purpose is not to debate the merits.

When we voted on the Carter budget revision, over 250 Members of Congress voted with the President to try to save the \$1 billion. I was one of them. And then, when a conservative Republican, as it turned out, offered an amendment to force us to vote straight up or down on the twice a year cost-of-living increase rather than voting on the general concept of dealing with the deficit, as I recall there were about 50 brave souls in the House who stayed with the once a year cost-of-living increase and I was one of them. I was up for reelection

at the time. I was running against a candidate who, at least initially, appeared to be a potential challenge. So I was doing a poll. It is a very small poll but it made a very big impression on me and I wanted to share it with my colleagues and with the people who are interested in this debate.

I asked in that poll: "How many people knew that we had a vote on the twice a year cost-of-living increase for Federal employees and how many people did not know?" Interestingly enough, not one person that I polled in my district who was not a Federal employee or a Federal retiree even knew the vote had occurred. But every Government employee and every Federal retiree that we polled knew it. In addition, on the second question, "Knowing it, how did it affect your support in the upcoming election?", every person who knew it planned to vote against me because of the vote. There is nothing wrong with that. The essence of democracy is accountability.

But here is my point. The reason the system is biased in favor of spending is because we vote on individual issues and every time we vote on spending money we have special interest groups—and we are all part of them—looking over our left shoulder, sending letters back home telling people whether we care about the old, the poor, the sick, the retired, the bicycle riders—and the list goes on and on.

Nobody is looking over our right shoulder telling people back home whether we care about the people who do the work and pay the taxes and pull the wagon in America, or whether we care about our children and their future.

I remember in 1979 we were going through a fairly boring period in Congress. As a young freshman Member I tried to keep up with real votes we cast. Not votes on big bills that cost billions of dollars where the vote would be 380 to 20, but actual amendments. In my little casual empiricism I made a discovery. The discovery basically was this. The average little amendment add-on we were voting on cost about \$70 million. The average beneficiary, as best I could estimate, got about \$1,000 to \$1,500 apiece. And since there were 100 million taxpayers the average taxpayer was paying about 70 cents. You did not need a Ph.D. in economics to understand that a few people are willing to do more to get \$1,500 than a lot of people are willing to do to prevent spending 70 cents.

My conclusion was that only if we change the way we spend money do we have any chance of gaining control of spending, because what tends to happen—and our colleague in the Chair is a new Member here, but as he will discover—what tends to happen is the only people who ever know how you vote on spending issues are the people who wanted the money and they remember most when they do not get it. It is like in a religious sense saying if you do good that when you get to the

Golden Gate and Saint Peter opens the books that there is not going to be anything written down; no record of it. You are asking people to be responsible simply because that being responsible is the right thing to do.

The problem is, the Lord did not make many zealots. And that is why we have consistently, vote after vote, year after year, been losing the battle on Government spending. And as a result the Government has become bigger and bigger and bigger, more and more distant, more and more hostile, more and more burdensome. And that is why we are here debating this issue today.

In trying to deal with this problem we passed what was called the Gramm-Rudman law. On the day it passed, I stood up and said in that debate that the bill was the engagement but the balanced budget amendment to the Constitution was the marriage; that the problem with the Gramm-Rudman law was that it was a law, and what Congress could make, Congress could unmake.

I did not realize, when I was saying that in 1985, that exactly that was going to end up happening. What happened under the law is that we were able, in the 4½ years it was in place, to lower the deficit burden on the economy by about 42 percent. We were able to limit the growth of Government spending to 1.4 percent a year while the economy grew by 3.1 percent a year and the Government actually got smaller relative to the economy for the first time in the postwar period of the country.

But what happened is when the hill got steep from the recession and S&L bailout, then Congress bailed out on the Gramm-Rudman law, gave the new President the power to suspend it, and the first official act of Bill Clinton was to suspend the Gramm-Rudman law.

What is the problem we are looking at in terms of the deficit? I have some charts. Let me just basically go through them. We are engaged in an intensive debate here on what happens if we balance the budget but with relatively little attention paid to what happens if we do not. This chart is basically the question of when are we going to do it? But all of this red shows going back to 1969. The one time in the last 34 years, since 1961, that we have actually had a tiny little surplus was in 1969. From that point on, every year, we have run a Federal deficit. And right here is where we are headed if we do not adopt a balanced budget amendment to the Constitution and if we continue business as usual.

This next chart is a projection from the Congressional Budget Office. If you look at the last 34 years, this is what it looks like. Starting in 1961, we ran a deficit. We ran a deficit every year to 1969. That year we had a tiny little surplus, which is a lot of money for anybody but Ross Perot; \$3.2 billion. But in the big scheme of things, it is a fairly

small surplus. But every year thereafter, since 1970, we have run a cumulative deficit which has raised the debt by \$3.4 trillion.

Given current projections, nobody can honestly anticipate, short of a balanced budget amendment to the Constitution, that we will balance the budget anytime in the next 15 years. I ask my colleagues, is it possible for a country, year after year after year for half a century, to spend more money than it takes in and to pile up these debts so that the interest on the debt in the year 2005 will be greater than the total level of Government spending in 1975?

If we do not pass a balanced budget amendment to the Constitution, given the bills that are already the law of the land, given the spending that we are already committed to, by the year 2005, 10 years from now, we are going to be spending \$334 billion a year simply paying interest on all of this debt. That is more money than we spent on Social Security, defense, discretionary spending, and every other single program of the Government in 1975. In fact, there are a number of Members of this body who were Members of the Senate in 1975. We are not talking about that long ago.

What happens if we do not balance the budget has to do with real people and real families. People talk about the difficulty of balancing the budget and the supposed excruciating pain that is presumed to result from what we are going to have to do, but I hear relatively little discussion about the excruciating pain that is going to occur if we do not do something about the deficit. Let me talk about that very briefly.

In 1950, the average family in America with two children sent \$1 out of every \$50 it earned to Washington, DC. Today, that average family is sending \$1 out of every \$4 it earns to Washington, DC. And if we do not pass a single new law in the next 20 years, if we just pay for the laws that are already on the books, if we just pay for the Government that we have already thrust upon the American people, that average family is going to be sending \$1 out of every \$3 it earns to Washington, DC. That is the cost of doing nothing.

The General Accounting Office has estimated that, if we pass a balanced budget amendment and we enforce it, the impact of balancing the budget will mean that our children can expect their family income to be 36 percent higher than if we do not eliminate a situation where government is borrowing 50 cents out of every \$1 available meaning that 50 cents out of every \$1 saved in America does not go to build a new home, a new farm, a new factory, to generate new economic growth; it instead all goes to pay for Government deficit spending.

The last time that we had a sustained period of a balanced budget so that the Government was not borrowing 50 cents out of every \$1, mortgage

rates were 3.5 percent. In fact, in the history of this country, whenever we have had any kind of prolonged period where the Government was living within its means, long-term interest rates have been down around 3 percent. The average home in America would have a mortgage payment of \$500 a month less today if we had the fruits of a balanced budget.

So when we are talking about all of the excruciating pain that is held out, about what it would mean if the Government had to do what families and businesses have to do every year, I think it is important to ask ourselves what is going to happen if we do not do it.

A couple of other points: I just mentioned that over the next 10 years, the interest payment on the debt, at the rate at which we are piling up new debt, is going to rise by \$134 billion. We are going to be paying an additional \$134 billion a year in 10 years on interest payments because we are not balancing the Federal budget.

Do you know what we could do with \$134 billion a year? The Senator from California got up and talked about Social Security. With \$134 billion a year put into the Social Security trust fund, we could guarantee that we could finance the retirement of the baby boomers. With \$134 billion a year, which we are going to be squandering on interest while we debate whether the world will come to an end if we have to live within our means, if we took that \$134 billion a year and used it to cut taxes, we could double the personal exemption and have a flat tax rate of 17 percent.

We are talking about a tremendous ability to let working families benefit from their own creativity, from their own hard work. But what is going to happen if we do not do it? What is going to happen if we do not do it is that \$134 billion is not going to go to Social Security. That \$134 billion a year is not going to be returned to families to invest in the American dream. That \$134 billion is going to be squandered the way the \$200 billion a year we are spending this year is being squandered in paying interest on a debt that we have run up because this Congress and others like it have refused to say no to any organized special interest groups.

How would we balance the budget? This is a much discussed issue. We have heard some of our colleagues on the other side of the aisle make an argument that runs basically as follows: We have not balanced the budget since 1969. We are out of practice. We do not know how we would do it. How could we commit to do something when we cannot tell you exactly how we are going to do it?

I am going to talk about how to do it for a moment. But let me submit that is not the way people operate in the real world. In the real world, we commit to do things all the time even though we cannot tell you going in ex-

actly how we are going to get the job done.

If, in the real world, you had to be able to say exactly how you were going to achieve something down to the finest detail, before you committed to a good and worthy goal, no one would ever commit to one.

If you had to know how you were going to pass all those courses when you went off to the university, nobody would ever go off to college. If you had to outline exactly how you were going to make your business work in good times and bad, nobody would ever start a business. If you had to figure out how you were going to make a marriage successful before you got into it, how you were going to deal with the 1,001 problems that you know are going to come up, nobody would ever get married.

After my wife-to-be turned me down for the second time and I got down on one knee in San Antonio and said, "If you will marry me, I will spend the rest of my life trying to make you happy," my wife did not look down at me and say, "Well, how are you going to do it?" She looked at me and tried to gauge how much I was committed to it, and 25 years later I am still working on it. So forgive me if I feel a little bit cynical toward my colleagues who say, "How can we commit to balancing the budget if we cannot sit down and write out in the greatest detail how we are going to do it," knowing that if anybody wrote out the detail, then they would stand here and say the world is coming to an end if we have to do these things.

I hope when people hear this debate, they will always remember these numbers—and nobody disputes these numbers. The White House, the Congressional Budget Office, nobody disputes these numbers. What I have here on this chart is a projection of Federal Government spending, which is the line in red, and then Federal Government revenue, which is blue. One thing that is clear, if you look at this chart, is that both of them have been growing. Both of them have been growing very rapidly. The problem is that the spending has been growing more rapidly. What has happened is that, since 1969, spending has been growing by an average of 8.7 percent a year. In fact, spending by the Federal Government has been growing 2½ times as fast as spending by the American family has been growing. I think that is a real index of our problem.

Revenues have been rising, but they have not been rising as fast as spending has been rising. So if you look here, in 1995, where that red ends and the yellow begins, that is where we are.

The Office of Management and Budget and the Congressional Budget Office project that over the next 7 years, the economy is going to grow—not as fast as it is growing now, but at a fairly modest rate compared to the kind of growth we had in the 1950's and 1960's.

If we could limit the growth of Government spending to no more than 3 percent a year, where we are spending only 3 percent more next year than we spent this year, we would balance the budget by the year 2002, which is what we are calling for in this balanced budget amendment to the Constitution.

Here is my point. I know that there are many people who say we cannot balance the budget, that it means hard choices, and that we have a Congress that in 40 years has not said no to any organized group with a letterhead. Obviously, it is a self-fulfilling prophecy. But I think if you go to main street America and you say to the people, "Would you want the Government to balance the budget, to eliminate the kind of debt burden and taxes that we are looking at in the future if we do not do it, if it requires that the total growth of Federal spending be limited to no more than 3 percent a year for 7 years?" my guess is that 95 percent of the people in this country would say "yes." The other 5 percent are the people who understand this well enough to know that they are getting the 7 percent a year spending increase, and that they do not want it balanced; even if it mortgages the future of the country, it is worth it to them to get this extra spending.

I am not saying this is easy. I have worked on the budget as long and as hard as any person who has served in the Senate in the period of time I have been here. Limiting the growth of Government spending to 3 percent means you have to reform welfare, which we need to do anyway; it means you have to reform Medicaid; it means you have to reform Medicare.

When the average insurance policy in the private sector did not go up in price last year, and Medicare went up by 10.5 percent, and the Government is paying for it and our senior citizens are paying for it, we ought to go back and look at it and we ought to be reforming it. It also means you have to go through discretionary spending, because there are some parts of it that are going to grow, and that should grow, and you have to set priorities and cut spending elsewhere.

The point is, how many families in Illinois last year, or in Tennessee, or Texas, had to deal with budgets that were tougher than limiting their growth in spending to 3 percent? On almost every street, on almost every block in the Nation, there were families that had to make tough decisions last year. They did not like it, but they did it. They had to say "no," not to strangers but to people they love. They did not want to do it, but they did it. How many businesses in America have had to restructure their business in the last 10 or 20 years, compared to which living within a 3 percent growth rate would look like child's play? Literally hundreds of thousands of them. What is the difference? Families and businesses live in the real world, and the Federal

Government does not. The balanced budget amendment to the Constitution is an effort to bring it into the real world.

I now want to address the Social Security issue. First of all, there are profound questions that have to be answered if you are suddenly deciding that you want to not count the second-largest Federal revenue flow and the second-largest outlay flow as transactions of the Federal Government.

We heard the distinguished Senator from California talk about protecting Social Security. But the reality is that taking Social Security out of the budget in no way protects Social Security. In fact, when we ran into trouble with Social Security in 1982, what did we do? What we did is we started shifting money from trust funds; we started shifting money from among the various trust funds, and we took money out of general revenue and we saved Social Security, and we went back—finally, when we were shamed into it, when our parents were about not to get a check—on a bipartisan basis and we made the changes we needed to make. Had we had this provision in place, we would not have been able to do that.

But there is a more profound question. If you balance the budget and you did not count Social Security's revenues or the expenditures, you would be, today, running a surplus of about \$80 billion. Do we want the Federal Government to run a surplus of \$80 billion? We have done that, by the way. From 1867 to 1879, the Federal Government, as a policy, took in more than it spent. And what happened is, it imposed a deflationary pressure on the economy, prices fell, on average, 1 percent a year, and we resumed our gold payment at \$20.67 an ounce, which is what it had been in 1860. That was the objective of the Government, but it achieved it by pushing prices and wages right through the floor. Is that a policy we want to undertake? My view is that if we do, it is something we need to make a fundamental decision about. The reality is that we have always lived up to our commitment under Social Security. We have always kept the promise on Social Security without any constitutional requirement. But we have not balanced the budget in a quarter of a century and with no realistic prospect of doing so any time in the next decade, we clearly have an urgent need for a constitutional requirement to do so.

I also have to admit that I am somewhat amazed at this sudden desire of our Democratic colleagues to protect Social Security, because I remember that last year when we had the Social Security tax increase go into effect, one of our own colleagues—I believe Senator McCain—offered an amendment that said that the Social Security tax increase had to be dedicated to the trust fund, and his amendment was defeated on a partisan vote.

In fact, if you look at your new IRS 1040 income tax form, which every American is about to get in the mail,

you are going to find that on page 7 it has a new section. The new section says "Social Security Benefits." And it says, "If your income, including one-half of your Social Security benefits, is over \$34,000 a year," and then it goes on and says you have to pay taxes on it.

This Senate in the last Congress voted to dedicate those taxes not to the Social Security trust fund but to spend on social programs, which was the policy of the Clinton administration. Now we have the same people saying, "Well, I voted for the balanced budget amendment in the last Congress, but now I do not know that I can vote for it because of Social Security."

My point is this: The way to protect Social Security is to deal with this deficit. If we do not deal with this deficit, if we let it continue to mount, we are not going to be able to fulfill our promises anywhere.

If people are for protecting Social Security—which I am absolutely dedicated to and I believe that every Member of this Congress understands that it is a commitment that has been made. The Contract With America makes it clear that Social Security is not going to be tampered with as part of the deficit. There is a 60-vote point of order in the Senate for doing anything that lowers the solvency of the Social Security system. So we have a built-in protection.

It is clear, when you look at the fact that, if every Democrat who voted for this amendment in the past votes for it again, and based on the election of 11 new Republicans, the balanced budget amendment is going to pass and subsequently become the law of the land. When we start having people say, "Well, look, I am for this and I voted for it in the past, but before I vote for it again, you have to fix this, you have to fix that," it raises the specter that now because we are shooting with real bullets, and are actually on the verge of achieving something, we are starting to see the possibility that this whole thing could come apart. And I hope it does not.

I think we have reached the moment of truth. I think we have to decide whether or not we want to force the Government to live on a budget like everybody else.

I know that there are some of my colleagues who say, "Well, what could a President do if you did not fulfill the Constitution?" Well, I hope a President, who had put his hand on the Bible and sworn to uphold, protect, and defend the Constitution, would live up to the commitment.

But I think we are asking the wrong questions. We are asking the wrong questions about what the President will do and what the courts will do. The question we should be asking is: What are we going to do?

Everybody understands the current system is broken. Everybody understands the current system is not working. Everybody understands that if we stay on the road that we are on today,

in 20 years we are not going to be living in the same country that we grew up in. We are going to lose the unique opportunity that has been part of America—the opportunity for someone to grow up in Tennessee I say to my distinguished colleague in the chair and, from very humble beginnings, have an opportunity to go to college, to go to law school, to be successful, to become a Senator; the opportunity for people all over the country to do extraordinary things. That is what is on the line here. That is what this vote is about.

A final point—and I have spoken a long time, but I wanted to be sure I addressed all these issues. This is not a new amendment that we are talking about. The Senator from Illinois and many people on our side and many people on his side have worked on this amendment for many years. I have been working directly or indirectly on this amendment for 15 or 16 years. I have sat in on numerous meetings with Congressman STENHOLM, who is a Democrat, with Senator SIMON, who is a Democrat, and we have worked out an amendment that we can agree on.

I would love to have a three-fifths vote requirement to raise taxes. I think the country would be better off if we had it. I want to deal with the deficit not by raising taxes but by cutting spending. But I am willing to fight it out. And I can tell you right now, if we impose a balanced budget amendment to the Constitution and if I am here or if I am involved in Government debate, I will not support raising taxes. I want to deal with this problem by controlling spending. I am sure there are others who feel differently.

But the point is, I cannot get 67 votes for the three-fifths tax protection requirement. There are always things that we could do that would be improvements. But, as Benjamin Franklin said so long ago when the original Constitution was written, you come down to a point where you have to make a decision.

If we want to alter American history, this is the amendment to alter it with. We have the votes to pass it. The House has already acted. The Nation is now looking to us to see if we have the will and the courage.

And I know you could come up with 1,001 excuses for changing your vote. But I believe the American people will understand that this is a test about who is serious about forcing the Federal Government to live within its means, who is interested in changing politics as usual in Washington, DC.

I am hopeful, prayerfully hopeful, that those on the other side who are now talking about changing their vote at the critical moment when we have the votes to pass the balanced budget amendment to the Constitution will engage in some prayerful deliberation and realize that, if they do that, we are going to lose a golden opportunity. We have no guarantee that the opportunity is going to come back and

America's future is going to be permanently altered one way or another by what we do here. I hope people will look at this opportunity and not squander it.

I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senator from Connecticut.

Mr. DODD. I thank the Chair.

Madam President, I rise this afternoon to address the issue of the balanced budget constitutional amendment.

Madam President, my intention will be, over the coming days, to address this issue from several different perspectives. I am very much opposed to dealing with our serious fiscal problems using this approach.

It has been pointed out in public survey after public survey that there is deep concern about the fiscal policies of the country and the direction in which we are headed. People are worried about whether or not we are going to be able to reduce significantly the size of the national debt and our deficits. I do not think there is any debate about that at all.

Madam President, I arrived here in January of 1981. The deficit in that year was about \$35 billion, and the national debt was under \$1 trillion. That debt had been accumulated over almost 200 years, through a Civil War and two World Wars, the Great Depression, and several smaller depressions.

I was, I believe, the second Member of my side of the aisle to support the Gramm-Rudman-Hollings deficit reduction measure at that time. I thought that was an honest and strong effort statutorily to get our arms around what was then a very small problem by comparison today. Regrettably, that solution did not work, primarily, in my view, because an awful lot of exceptions were created to it.

Gramm-Rudman-Hollings was to apply to, initially, the entire budget. And then, because of the way this institution has run for 200 years and, I suspect, will for as many more years as we are here we began creating exclusion after exclusion. One constituency group after another with major causes came before us and started to peel away the effects of Gramm-Rudman-Hollings so we were incapable of dealing with the budget deficit.

I then offered a pay-as-you-go budget—I was in the minority in those days, as I am today. My proposal would have required that every increase in every aspect of the Federal budget had to be paid for it. I got 22 votes for that idea. Had my pay-as-you-go proposal been adopted we could have achieved a balanced budget by 1987. We did not, of course.

I strongly urge my colleagues, if they have some time—and I guess they will in the next couple of weeks as we debate this issue—to read David Stockman's book where he described the eco-

nomic policy decisions of the early 1980's.

I present that, Madam President, as background. I have always supported strong deficit reduction measures, but I believe that a balanced budget amendment will not achieve those goals. Adopting a constitutional amendment is the easy part of this. Clearly the amendment is popular before you start talking about the cuts it would require. The amendment would change the organic law of our country to deal with a contemporary fiscal problem. It would incorporate an economic theory as to how we ought to address our current deficit problem.

I have deep, deep, reservations about it based, first and foremost, on my concern that we ought not allow the organic law of the country to become a place where we deal with contemporary, perplexing problems that we face. I think there is a distinction between the organic law of a nation and a set of statutes and ordinances that allow us to come to terms with those questions.

I am also concerned, Madam President, with the view that somehow by amending the Constitution of the United States a bolt of lightning will strike the Congress and we will depart from our historic pattern of finding the easy way out of problems.

I noticed a moment ago the Senator from Texas was talking about a budget proposal here a year or two ago that included a tax implication dealing with Social Security, and Democrats were terrible people over here because we did that. There will be an amendment, I gather, offered that will take Social Security recipients and exclude their benefits from the constitutional amendment to balance the budget.

I suppose it would not do me any good to offer an amendment that to exclude 6-year-olds, as well. I could make a pretty good case that being a child in America today, based on age and circumstances, is very difficult. I am not trying to minimize the problems that all our seniors face. I simply cannot imagine anyone wanting to write into the Constitution an exclusion for people based on age to avoid the serious fiscal problems we face. Yet, that is an example of what some have proposed we do to the Constitution.

I have strong reservations about the constitutional amendment, and other ideas that would preclude us from facing all the difficult choices that we will be forced to confront.

Madam President, just briefly this afternoon, I would like to focus on one particular concern I have about this amendment. It relates to this issue of what I would call the gimmickry associated with the constitutional amendment. My concern, Madam President, is that if we pass a constitutional amendment, Congress will use every imaginable gimmick, sleight of hand, and tool of evasion to get around the requirements of a constitutional amendment to balance the budget.

If this happens, in my view, we will first of all have done nothing to get our fiscal house in order. And we will have done a great deal of harm in undermining public faith in the U.S. Constitution by increasing the public cynicism that exists about our Government generally, and more specifically about the institution of Congress.

My argument, Madam President, is not that Congress is somehow inherently dishonest or genetically programmed to cheat, but I do think if we showed some political courage and some bold leadership, we could honestly deal with our fiscal problems without resorting to gimmickry. In fact, what we are saying, in many ways, is that by writing a balanced budget requirement into the organic law of the Nation we will be precluded from coming up with other ideas to get around and circumvent our responsibilities. In some ways I wish that were true. But having served here for a few years, I am profoundly convinced that it will be untrue.

The courage and the leadership, in my view, must come first. We will not create them by changing some words, even in the Constitution. If we simply change the law without mustering the will to do the right thing, then we will come up with ways, in my view, to get around the law.

I think all Members know, Madam President, and experience should have taught us, who bears the greatest cost of this gimmickry. That is working Americans. When rosy scenarios lose their luster and the magic asterisks lose their magic, and the train wreck inevitably comes economically, it is always working Americans who are left to pick up the pieces and pay the price.

Perhaps the boldest budget gimmick of all time was the so-called supply-side economic approach I mentioned earlier. I arrived here in 1981 in the minority. President Reagan pointed to something called the Laffer curve and told all of us we could balance the budget, while at the same time cutting taxes and increasing spending. It was an Alice-in-Wonderland view of economics where up was down and down was up, and tax cuts always increase revenue. President Reagan's first budget submission in 1981 projected a balanced budget by 1984 and a \$28.2 billion surplus by 1986. The budget confidently stated:

The new policy of tax rate reduction is expected to expand the economy's productive base, lower unemployment, and reduce budget outlays. As a result, the decline in tax rates is likely to generate both strong economic improvement and impressive gains in receipts, paving the way for a balanced budget.

That was 1981. Well, that sure sounded very optimistic and nice but unfortunately, it does not bear much similarity to what actually happened. Let me tell Members what actually happened. In 1984, the year the supply-siders projected a balanced budget, we had a \$185 billion deficit. The deficit went

from \$35 billion in 1981, to \$185 billion by 1984, 3 years later. By 1986, the year the Laffer curve was supposed to produce a \$28 billion surplus, we were \$221 billion in the red. That was 5 years after our national deficit was \$35 billion. Madam President, it got worse and worse and worse.

During those years, the national debt quadrupled. Today, every American—man, woman, and child—owes almost \$13,500 on publicly held debt. In inflation-adjusted terms, that is 2.5 times more than what they owed in 1980. That is the legacy.

Madam President, I do not fault President Reagan for trying. It was an idea. There were many people, Democrats included, who thought it would work. I had my suspicions. I was one of 11 Members here who voted against it. But the point is here, when it did not work, we could change it. We could change it, and we did. We paid a price. What we were doing is fooling with the appropriations of the country, the Tax Code of the country, the statutory law of the country. We made a mistake, an awful one, and it has cost us dearly, but it was a statutory mistake. A mistake in appropriations, a mistake in the Tax Code, is mistake that could be corrected with much greater ease than if these policies had been written into the Constitution.

Imagine, however, in 1981, if we had incorporated in the Constitution of the United States an economic approach and then faced what David Stockman properly has pointed out, by good-intentioned and well-intentioned people, similar demands for greater spending. A situation where the Secretary of Defense said, "Wait a minute, not me. I understand you want to cut here, but we have serious problems. We have a stronger Soviet Union," and those here or not here made a strong case and prevailed. And a situation where others came and said, "Wait a minute; not Medicare, not Social Security." People said, "Not me."

Does anyone really believe here we will not face similar kinds of challenges? And the difference is that it will not be that easy to change now because it is written into the organic law of the country, an economic idea, a theory? Again, I do not fault, necessarily, President Reagan for having tried an idea. I think we need to do that, but not to write them into the Constitution.

In fact, to his credit, to President Reagan's credit, there was a lot of pressure on him to push for a constitutional amendment to balance the budget. As most people know, maybe to the disappointment of some, it was not really pushed. I suspect, President Reagan had serious doubts and concerns about changing the Constitution of the United States to incorporate economic ideas from people whom he trusted and liked and believed in, but had his doubts about whether or not we ought to incorporate their ideas into the most fundamental document that

outlines the principles and the values of our Nation.

So, for those reasons, Madam President, I have serious reservations. I am willing to try some of the ideas that people have suggested. My colleague from Texas said maybe we just ought to cut across the board 3 percent.

I have my real suspicions about that approach, but it is an idea. And if we have 51 votes here and there is a majority in the House, it might be tried. If it did not work, it could be changed. I hope we will not want to incorporate that idea into the Constitution of the United States. It is economic theory. This is not a science. This is speculation.

I am reminded of Harry Truman's wonderful old line that he wished he could find a one-armed economist, someone who talked straight to him, instead of saying, on the one hand, one idea and, on the other, something else. Economics is full of theories. No one can say with absolute certainty anything. If that was not the case, we would have many more millionaires in the country. Economists talk about the projections of the market and others trust it will work out that way.

The point is, working Americans end up paying an awful bill when we substitute theories, gimmicks and cosmetic changes in law for good old courage and political will. At the end of the day, no matter how many times you change the Constitution, we are going to have to confront it. American workers will have to pay when we dodge and weave to get around the balanced budget amendment.

Our Federal budget is a highly complex document, and we necessarily rely on projections to forecast spending and taxes. To preserve the integrity of the budget process, I think we should strive to keep politics as much as possible out of those projections and economic calculations.

I will point out again that the potential for political abuse is huge, in my view. Last year, Stanley Collender, the director of Federal budget policy for Price Waterhouse, illustrated how effective altering such projections could be. Collender estimated a 1 percentage point drop in unemployment projections would reduce projected deficits by \$37 billion the first year and \$57 billion the next. To paraphrase and modify the words of our late colleague, Everett Dirksen, of Illinois, a percentage point here and a percentage point there and pretty soon you are talking about, of course, real money.

There is already some disturbing evidence that the authors of gimmickry are abroad, surviving and doing well in the land. The distinguished Speaker of the House of Representatives, and some others, have said they want to change the Consumer Price Index, which measures inflation, as a way of trying to cut spending and increase revenues. These advocates of the so-called "contract" know that their promises simply do

not add up. They cannot cut taxes, increase defense spending and balance the budget without draconian spending cuts, cuts they so far have been unable to spell out.

So we already see people resorting to some of the gimmicks I worry about if this constitutional amendment is adopted to get the job done. One of the first was to try and cook the books with changes in the technical calculation of the CPI.

I think there is a legitimate debate in the country as to whether or not the inflation figure is too high or too low. A lot of very sound economists debate that point. That is a legitimate discussion, and, in fact, if it has been too high, it can be brought down, then it seems to me we ought to examine that thoroughly and do so. But any changes must be based on sound economic reasons, not political ones.

The distinguished Speaker, as my colleagues no doubt have heard, threatened to cut off the funding of the Bureau of Labor Statistics, not exactly what you would call a partisan agency or organization in town, within 30 days if they did not get it right with regard to inflation. I admit, there is a legitimate debate about inflation, but I do not think it serves anyone's interest to be threatening the budget of an independent agency on whom all of us rely to get some indication of what the Consumer Price Index ought to be. That is what I worry about.

When people say, "What do you mean by gimmicks," that is what I worry about. I worry about people beginning to fool with the numbers to make it all come out right and yet, at the end of the day it is otherwise and, of course, we are faced with terrible, terrible problems. So I worry about the gimmicks being used.

Senator DORGAN, Senator HARKIN and I offered a sense-of-the-Senate amendment in this body that simply stated that the CPI changes ought not to be politicized and economists ought to look at this and give us their sound judgment. The amendment was rejected, unfortunately. But I hope that my colleagues will discourage anyone threatening the budgets of agencies because we do not like the numbers we see.

Another effort recently to monkey with the books goes by the name of dynamic scoring. Dynamic scoring would provide cover for Members of Congress whose economic plans for the country simply do not add up. They draw up a budget that balances on paper but bounces in the real world. This dynamic scoring idea is to try and put the most favorable light on tax cuts.

I think it is important that we have accurate projections of what changes a tax cut may create. I recall opposing the tax cut on luxury automobiles and boats a few years ago. Those who offered that proposal projected there would be great revenue gains. It turned out quite the opposite. In fact, those provisions helped to destroy the boat-building industry in my part of the country. But they had rosy projections about revenues we were going to gain.

Again, I think it is important that as Members of Congress, before we vote, we ought to have some idea about what the projections are apt to be in these areas. But do I think we ought to incorporate it as part of the budget process? Should we not, in fact, be more conservative as we look at these matters, hope they turn out better, hope that they will, in fact, produce the revenues?

I never had anybody come to my office and say, "You know, Senator, I would like you to support this tax cut and, by the way, let me tell you something, it is really going to cost the taxpayers some money."

Everyone who ever has come to my office in 14 years here with a tax-cut proposal in mind has promised me—promised me—that this was going to produce revenues. In some cases they have. In many cases they have. But, not in all.

So when we are looking at how to score tax cuts, I would think it is in our collective best interests here to look at it with the most conservative point of view in mind. If it does a lot better, we are all winners, but if we project it is going to produce some fantastic results and it does not, then you have run right back into the problem I am talking about.

So, again, I think we have to be very, very careful as we look at these gimmicks. Hence, I come back to the point of why I am concerned about incorporating in the Constitution of the United States conclusions, demands that we will then be determined in our own way to try and reach through efforts that will be less than candid or up front with the American people.

Going beyond such narrow projections in an attempt to measure the impact of tax changes on the overall economy is very difficult. If we are going to get into the game, we can just as easily measure dynamic effects in education, I suppose, or job training.

I know there are those here who make the case that if we invest in education that we will get returns to the country. In health care, you can make a strong case, I suppose, that if we put all the money needed to eradicate some of the major diseases in the country, that would be a real net gainer for us in terms of the budget.

I do not know anybody who would want to accept the notion that if we invest x amount of the taxpayers' money to cure a particular disease, that we ought to score that as a great savings to the American public. The same thinking ought to be applied when we talk about tax cuts. As much as we may hope that they will produce the desired results, if that becomes a part of the budget process, then I think we do ourselves a great disservice.

The argument is often used that balanced budget requirements have successfully imposed fiscal discipline on our State governments. But the evidence on this is unclear as well. Gov. Lowell Weicker, a former Member of this body, testified in 1992 that Connecticut's \$1 billion deficit came to pass in our State despite a balanced budget law that had been on the books

for 53 years. The Constitution said balance the budget and yet we had, because of dreadful economic conditions, a \$1 billion deficit in our State. All of the language in the Constitution did not change the economic realities.

Many States, of course, use creative budgeting now to comply with their constitutional requirements. Clever tools include: Delaying payments to suppliers. That happens all throughout the country.

Accelerating tax collections. How many times have we heard that used?

Shifting programs off budget. That is a great gimmick we use. Well, we will not count it as part of the budget. That is off budget. Somehow, miraculously, it does not end up in our accounting. Even though we are in the red, it has been pushed to a new category so it does not fit into the budgetary requirements.

The gimmick of choice for Governor Whitman of New Jersey has been delaying State contributions to employee pension plans—it is legal and it certainly saves money in the short term. But at some point a future Governor, a future legislature is going to have to belly up and pay those costs, and the taxpayers are going to have to pay. So you get a rosy picture in the short term but the reality is you are faced with those expenditures down the road.

Governor Whitman and others have also taken a lesson from the Federal playbook by shifting costs to more local units of government. In New Jersey there is going to be a State income tax cut of some \$290, close to \$300. Simultaneously, property taxes are going up in New Jersey about \$1,000, a little more than that—roughly \$1,000.

Now, it is great news that State income taxes are getting reduced, but if, simultaneously, property taxes are going up almost four times that amount, a taxpayer is a net loser. They may see headlines that read, "State income taxes cut." You shift the costs to the towns; the property taxes go up; and you the taxpayers are net losers.

I do not think people are fooled by that in this country. Once again, we will have engaged in the kind of gimmicky people so detest and makes them so angry. We will have failed to confront head on the problems of getting our fiscal house in order.

So, Madam President, if we pass this constitutional amendment, I fear we are going to borrow some of the clever tactics that have been used at the State level. If we mimic their balanced budget requirements, we may also mimic their tricks of getting around them. The balanced budget amendment is, of course, the grand gimmick that would spawn 100 lesser ones, I fear.

The amendment itself is a statement that we do not have the will to make the tough choices. If we did, we would not be confronting ourselves with changing the organic law of the country—if we did face up and do it.

Let me point out here that for the first time now in almost 4 decades we have had 3 consecutive years of deficit reduction. The last President to submit a balanced budget was Jimmy Carter, and the last Congress and President to

achieve a balanced budget was Lyndon Johnson in 1969.

Now, if we can get back on track and keep reducing our deficits, create incentives for growth and for people to work, make the kind of intelligent investments that reduce long-term costs—then I think we can continue down that path and achieve the desired results.

I would suggest to my colleagues and those who are listening that merely writing something into the Constitution, making it sort of a New Year's wish list, does not get the job done. Why not add, as I have said before, the eradication of ignorance, poverty, disease; all of these are desirable goals.

If we are going to turn the Constitution into nothing more than a wish list, then we devalue the very document that we have relied on for 200 years. It has only been amended 27 times in 11,000 efforts, by the way—11,000 amendments to the Constitution since 1789. We have gone through a Civil War, a Great Depression, two World Wars. We did not find it necessary when we confronted every contemporary crisis to resort to the Constitution as a way of solving the problem. We faced up to them and made the tough choices. Our predecessors did the job when confronted with crises that were far more serious than this one, as bad as it is.

So I would urge my colleagues—and I know there are those who are weighing the benefits and the liabilities of approaching our fiscal problems by amending the Constitution of the United States—people do want to see us get our fiscal house in order, but I think they would like us to do it the old-fashioned way. That is, to make the cuts and to encourage the kind of growth that can get the job done, not to wait 7 years and leave it to some future Congresses to grapple with.

Madam President, I urge my colleagues to think hard and long before they go this route. My view is the States will very quickly ratify this constitutional amendment, if it is adopted here. It is very appealing. They will assume that someone at a later time will have to deal with the problem.

The Constitution requires that we vote on the matter, that we do so here. I do not think it is proper or appropriate for us to just hope someone else might protect us and protect the document when we have the opportunity to do it as Members of the Senate.

So I urge rejection of the amendment and hope that we would get about the business of doing the hard work of reducing the cost of Government, to shrink the size of Government, to make the proper investments and to get people back to work. Those are the kinds of things that I think will get us

on a better fiscal path than what we have been on for far too long.

Madam President, I yield the floor.

Mr. HATCH. Madam President, we have had an interesting day here today. We have had a lot of interesting speakers. I particularly want to pay tribute to Senator SIMON and his very extensive and good remarks that he made this morning. A lot of people feel he is a very unlikely person to be leading the fight on the balanced budget amendment, but I feel he is exactly the type of person who should do it because he understands the importance of our national spending decisions and he understands the importance of our taxing decisions and he understands the importance of fairness.

There have been a number of other excellent remarks here today. I would like to pay tribute to each and every person who has spoken today, including persons on the other side. They have raised issues that have been raised before and that we think we have answered before and that we intend to answer throughout this debate.

On the other hand, this has been an orderly and very sophisticated debate thus far. One thing I really want to make clear. That is, regardless of whatever arguments are brought against this amendment, this is the amendment. This is the best we can do. This has been worked out among Republicans and Democrats of good faith. It is the only hope I see for putting a mechanism into the Constitution or into the daily functioning of Congress—a mechanism that we cannot avoid—that might get us to make priority choices among competing programs. It is the only amendment that the House of Representatives has ever seen fit to pass by the requisite two-thirds vote, plus 10. It was a big victory over there. It was something that never happened before. And it took Democrats and Republicans to do it. Almost every Republican voted for it, and we had 72 courageous Democrats who stood up against the majority in their party and voted for it. And only 132 people were against it.

Now, we have an opportunity to do something in the Senate that is absolutely historic. The Senate up to now has been the only body that has passed a balanced budget constitutional amendment by the requisite two-thirds vote until that House vote.

Now, some people have had the temerity to say that the only reason the Senate passed the balanced budget amendment by 69 votes back in 1982 and the only reason we had 63 votes last year was because some in this body voted for it knowing it would not pass the House.

I do not believe that. I believe that people who voted for this voted for it for the right reasons. They voted for it because they knew it was the best we

could do. They voted for it because they knew it was a bipartisan consensus amendment, and they voted for it because they knew it would work and they knew it would force Members of Congress to stand up and do what is right for a change.

Now we are down to bait-cutting time. It may take us another 2 or 3 or 4 weeks. I do not care how long it takes. I want this amendment to pass, and I am going to do everything within my power, physical and otherwise, to get this amendment passed. I hope everybody out there in this country will start working with their Senators, help them to realize this is it. This is our best chance to save this country.

I hate to put it that dramatically, but that is what it comes down to, because if we do not do this, those who are concerned about Social Security are really going to have a reason to be concerned because we cannot continue to be the profligate spenders we are and run the huge deficits we do and have the interest rates go up the way they will and lose the jobs we are going to lose and have the interest against the national debt continue to exponentially go higher and higher without hurting Social Security, without hurting Medicaid, without hurting Medicare, without hurting welfare, without hurting veterans' pensions, without hurting everybody's pensions, and without reducing the value of our dollar to the point where all of us are going to have a rough time.

If the United States starts to slide in this way, what about the rest of the world? There will be a worldwide recession or depression like never before. That is going to happen unless we bite the bullet and do what we have to do here.

There is good reason why you cannot amend the Constitution easily or readily. There have only been 27 amendments to the Constitution and most, if not all, of them have been hard fought. But never in history has there been a more important amendment than this one at this particular time. This is the chance for us to do something that could save the country. And it will not happen—and I say this to every citizen of this country—it is not going to happen unless you get mad and you let the Senators in this body know that you want them to adopt this amendment. They need to vote for this and we need 67 votes to do it.

The Founding Fathers made it very tough to amend the Constitution. That is as it should be. This amendment has been through 12 years of very tough treatment, very hard fighting, and very serious intellectual consideration. It is the best we can do.

Everybody here would like to add something or take something away. But sooner or later we have to come down to the conclusion this is the best

we can do. We have always looked at anybody's ideas, and we will continue to see if there is some way we could find that will help to satisfy the distinguished Senator from California, Senator FEINSTEIN, and others. But I have to tell my colleagues the more I think about it, the less inclined I am to make a change like that because of the loophole it would be, and because it will not solve the problem for Social Security anyway. The best thing we can do for Social Security is pass a balanced budget amendment that will keep our country strong. It will make us live within our means. It will make us treat budgetary matters in a fiscally responsible manner. That is the best thing we could do for Social Security, because no matter how much you pay people, if the money is worthless, it is not going to buy food or anything else.

There are people today who suffer because of their poor economic situation who rely on Social Security. But they are relatively few, and we have to work on them and try to resolve their problems within our budgetary process. But there are millions who are getting by on Social Security and consider it their life's blood. They are not going to be able to if we do not put this constitutional amendment into the Constitution and force the Congress to live within its means.

How can anybody doubt that the way we spend, the way we increase deficits, the way our interest against the national debt is exponentially rising, that that will affect everybody in this country at some time in the future unless we are forced to get serious about it?

We talk about being serious. We have tried every statutory budget mechanism we possibly can and none of them have worked over time. All of them have failed. This amendment will force us to succeed. It would force us to get serious. It would force us to do the things that have to be done. And that would protect Social Security in the long run.

I do not want to just look at things in the short run. I want to look at them in the long run, and this amendment will help us in the long run. If we put an amendment in that refers to a statute in the Constitution, and try to define in the Constitution what that statute means, I guarantee it will be a loophole through which you can fit any kind of spending program you want. All you have to do is call it "Social Security," call it "the trust fund," or call it whatever fits the language of the statutory reference in the constitutional amendment and that is it, it is over.

I know people are sincere and they are trying to do what is right here. But the place to deal with these issues is in implementing legislation. That is why we have implementing legislation. That is why section 6 says that the Congress has the power to implement this amendment. Through the implementing legislation we can resolve some of these problems and we can re-

solve them in a way that still forces us to make priority choices among competing programs, and Social Security will always fare well in competition with other spending programs in our budget. I do not think anybody doubts that.

So let us not get into an issue that really is a phony issue. Let us keep constitutional amendments the way they should be. Everybody knows the game here. Everybody knows this amendment is written in a constitutional form. Everybody knows what it is intended to do.

There will always be those who try to play games to get around a constitutional provision they dislike, but if we stand strong and we vote for this and we get it through, I guarantee it will work and it will go a long way toward resolving the problems of this country—which are not being resolved at the current time.

I know the distinguished Senator from Nevada wants to speak, so I yield the floor at this point.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada.

Mr. REID. Madam President, probably the most famous bank robber of all time was a man by the name of Willie Sutton. After Willie Sutton got out of prison, after having spent many, many years there, he was asked why he robbed banks.

He said, "Because that's where the money is."

Madam President, Social Security is where the money is and that is why we must protect Social Security recipients, whether they be my granddaughters or whether they be me or the millions of people around this country who today depend on Social Security.

The reason we must exempt Social Security from the balanced budget amendment is that is where the money is. This year the surplus in the Social Security fund will be some \$70 billion. Shortly after the turn of the century the surplus in the Social Security fund will be \$800 billion. I say "will be." It will be if we protect those moneys. If we do not, if we do not set aside those moneys from the balanced budget amendment, when people go to draw their Social Security, when my granddaughters go to draw their Social Security, or my children, there will be no money left. Because that is where the money is and that is how the budget will be balanced.

There is no place else to get the money in those large sums. I offered a year ago on this floor an amendment to the balanced budget amendment that was then on the floor. In that amendment I included capital budgeting; I included as part of the amendment that, if in fact we were in a recession for a period of 3 years, we could waive the balanced budget amendment. Madam President, I have thought about this for the past year and I have come to the conclusion that what I need to do is focus on Social Security. Capital

budgeting is important; 3 years of recession are important; but those are to one side. I now am focusing only on Social Security.

As my friend, the senior Senator from Utah, knows, I am going to offer this same amendment again. I am going to offer this amendment with the support of Senators CONRAD, DORGAN, FEINSTEIN, FORD, HEFLIN, HARKIN, GRAM of Florida, BAUCUS, and BOXER, and I am sure there will be others. I am doing this because there has been a lot of talk during these past few months about a Contract With America.

I think some of the things that have been focused during these past few months in the Contract With America are important. I have supported the two issues that have come through this body already. But I want to talk today for a few minutes, in preparation for the debate that will take place probably next week when we offer the balanced budget amendment, about the first contract, the real contract of this century with the American people.

That contract was initiated in 1935 during the throes of the Great Depression when Members of this body and Members of the other body together with President Roosevelt got together and said we think we need to make a Social Security contract with the people of America, and they did.

What was that contract all about? It said if you, the employee, pay into a fund along with your employers, during your golden years you can draw retirement, not welfare. You can draw retirement that you have earned, you have paid into this fund. That in fact is what the contract is all about.

Madam President, what we have done is we have taken these moneys that are collected from the employees of America and the employers of America and put them into a trust fund. That word of art "trust fund" means something. It means that you have a very important fiduciary relationship. We, the people, who control this trust fund, have a fiduciary relationship with the people who will draw money from that trust fund, a relationship that we must do what we can to protect the integrity of that trust fund.

I practiced law before coming to the Congress. I had a trust fund set up for my clients, a client trust fund. That money that I collected on behalf of my clients I could not make my car payments with, I could not buy myself a suit, I could not pay the law firm rent or the rent at home with any moneys out of that trust fund. If I in fact did that, I would be subject to disciplinary action by the State bar association and possibly by the criminal prosecutors in the State of Nevada. I could go to jail for violating the trust that I had in protecting my clients' money.

The term "trust fund" that I used as a practicing attorney is not the same connotation as trust fund for Social Security. It is identical. We have an obligation to protect that trust fund.

My friend from Utah, the senior Senator, is someone that I have great respect for. But on his statements regarding Social Security, he and I disagree. I recognize, as I think we all should and certainly the people within the sound of my voice should appreciate the fact, that Social Security does not contribute one penny to the Federal deficit. Social Security, as I have already explained briefly here, is running in excess, a surplus. It does not contribute to the deficit. In fact, it has been used to erase the deficit in years past. We worked very hard to have the Social Security trust funds not be part of the general revenues of this country. We set up a separate fund for Social Security. We set up a separate agency. Social Security does not contribute to the deficit.

We have heard statements, rightfully so, that the American public supports the balanced budget amendment. They do. Eighty percent of the people in Texas, Utah—I see my friend from Ohio coming onto the floor—and Nevada. It is about the same all over. About 80 percent of the people support the balanced budget amendment. But when those same people are asked, "Do you want to balance the budget by taking Social Security surplus?" the answer is 70 percent "no." Only 10 percent of the original people who say they want a balanced budget amendment supported it if you say you are going to use Social Security. That is the original Contract With America of the century. That is the program that people want protected. They know Social Security is not welfare. This part of the Social Security fund that we are conducting deals with old age benefits. It does not deal with Medicare. It deals with the old age portion of that fund.

There have been statements made on this floor that the amendment creates a large loophole. I respectfully submit that if we could argue this case to a jury of our peers, we would win because it does not create a loophole. Anything that changes the long-term actuarial plan of Social Security is subject to a 60-vote point of order before this body. If someone wanted to place education or aid to families with dependent children into Social Security, it would not work. You would have to get 60 votes. If you use that reasoning, Madam President, you can look at the amendment as it is written. The amendment as it is written—the one that is before this body now—has exceptions. Congress may waive the provisions of this article, says section 5, for a number of reasons. One reason is it can be waived if there is a military conflict in which an imminent and serious military threat to national security is declared. Does that mean that, if this were in effect, taking the troops into Haiti would mean that we could waive the balanced budget amendment? It does not say to what extent it can be waived. It does not say it can be waived for the actual cost of the imminent

danger or whether it could be waived to the tune of billions of dollars more.

So let us stick with the facts. I do not think that this body would do that. I do not think that we would say that the event taking place in Haiti, or Rwanda, would be such that we could waive the balanced budget amendment that was in effect to the tune of billions of dollars. Having Social Security exempted from the balanced budget amendment does not—I repeat, does not—create a loophole. This is one of those figleaves that is being waived around this body so often on this amendment.

A point of order, of course, means that the truth would be brought to bear on any form of legislative shenanigans. That is why the 60-vote point of order is in effect. My amendment is intended to safeguard an easily identifiable and narrowly defined program.

There have been those in this body who have said, "We will take care of this in implementing legislation." Let me explain to my colleagues and to the American public what this means. This means that there are people who recognize the danger of going where Willie Sutton said you need to go if you need money; that is, where it is. And that is why he went to the bank. The only place we can go is Social Security. But there are those who tell me that we are going to take care of this with implementing legislation. How? "Well, we are going to pass a law when the balanced budget amendment passes that says we cannot touch Social Security." Boy, we should not fall for that one. I know that the senior groups in this country will not fall for that. The AARP and others are not going to fall for that because they know that a law which we could pass this morning—it is now 5 o'clock approximately in Washington, DC—this morning in Washington, DC, we could pass a law, and we could pass another law to take the place of that one at 5 o'clock this afternoon. We could pass a law and pass another one to take the place of it that same day. Implementing legislation will not protect Social Security. We could pass implementing legislation this year and repeal it next year. It simply is no way to protect Social Security.

Implementing legislation is another one of the figleaves that is so transparent that you should not wear it because it will not work. If you oppose raising the Social Security trust fund, you should support the simple amendment that I am going to offer with my colleagues which expressly prevents any looting of the Social Security trust fund.

I was on this floor a year or so ago with Senator MOYNIHAN, the senior Senator from New York. We were talking about the unfairness of collecting Social Security taxes, withholding taxes, when the moneys were not going to Social Security; they were going to help relieve the deficit.

During the colloquy between the Senator from New York and the Senator from Nevada, we talked about the Social Security trust fund, and we talked about maybe it really was not a trust fund; maybe it had become a slush fund. Well, it has not become a slush fund yet. But if we allow the balanced budget amendment to pass and do not protect Social Security, it will no longer be a trust fund, it will be a slush fund.

Again, I remind everyone here that people who are trying to balance the budget will go to where the money is; that is, Social Security. Remember, we are not talking about surpluses of a few thousand a year, a few million a year, a few billion a year; we are talking about surpluses that, after the turn of the century, will be in the trillions of dollars. Why do we need that much money in the trust fund? Because there is going to come a period of time when the outflow from the trust fund will be far in excess of what is coming into it. We need those surpluses.

We have been told that placing a statute in the Constitution is unprecedented. Well, Madam President, it is unprecedented. My friend, the senior Senator from Connecticut, said it the way it is. We have had 11,000 attempts to amend the Constitution of the United States. We have succeeded less than 30 times. This is the first time that we have tried to do an amendment to the Constitution fixing fiscal policy. So if we are talking about fiscal policy, should we not be concerned about one of the largest fiscal elements of our society, namely Social Security? Of course, the answer is yes. And we need to place it not in a statute; it would be part of the constitutional amendment. It would lose its statutory life and become part of the Constitution of the United States.

We also certainly should not allow talk about future generations being protected if we lump Social Security into the balanced budget amendment—that is, that Social Security will be easy picking, prime pickings to balance the budget. That will not protect future generations. Quite the contrary.

This debate is not about senior citizens versus children; this debate is about children who will become senior citizens and need their Social Security benefits. This is not an amendment that protects old people in America today. This is an amendment that protects all people in America today, because Social Security benefits are for the young and for the old because, if we are lucky, we all get old.

In effect, safeguarding Social Security in this trust fund means that Government will not be able to continue to borrow from this trust fund. Ending this robbing Peter-to-pay-Paul practice will allow us to maintain the trust fund for future generations of Americans.

Madam President, we have also heard last week on this floor that the Seniors

Coalition supports passing the balanced budget amendment and does not support my amendment. When I first heard of this organization, I was running for office. I was very concerned that a senior organization, after my work on the Aging Committee and doing a lot of things over the years for senior citizens, would not be helping me. Why would they oppose me? Well, what I have come to realize, Madam President, is that the Seniors Coalition has a history of employing exaggerations and falsehoods—which is a nice word for lies—because they want to make money from senior citizens by scaring them.

According to a 1993 article in the *National Journal*—the founders of this particular group have sent letters out against most Democratic candidates running for public office on the Federal level. The *National Journal* said that the founders of this particular group have been under investigation for fraud by the FBI, two U.S. attorneys, New York State's attorney general, and the Postal Inspector. In 1980, Richard Viguerie, father of the direct mailing system for the Republican Party, or certainly one of the founding fathers of that organization, and a man by the name of Dan Alexander, started the taxpayers education lobby to raise money through appeals of school prayer and other conservative policies. In 1986, Dan Alexander was indicted for extorting kickbacks from school construction projects and he served 4 years in prison for doing this.

In 1989, the Seniors Coalition was formed by his wife, a woman by the name of Fay Alexander, with help from Mr. Viguerie. In 1992, the coalition claimed to become independent of the taxpayers education lobby, though there remained a contract that paid Mrs. Alexander \$20,000 a month, money seniors sent this organization, and paid her husband about \$3,000 a month for consulting fees. Remember, this is the man that is in jail. In 1992, the board consisted of Fay Alexander and a business associate. For its first 3 years in operation, the coalition's president was Susan Alexander, the couple's teenage daughter. Mr. Alexander told the *New York Times*—and I am sure this is an understatement—that he hired his daughter because it was hard to find outsiders of any stature to serve on the board in view of his record. The coalition now has outside directors.

I will not go into a lot more detail. But I do not think it would be a good idea to cite the Seniors Coalition, and we should not base any vote in this body on what they do or do not do. I may talk a lot more about them later if we hear a lot more about the Seniors Coalition, because I have a lot more to say in that regard.

Let me say, Madam President, that the balanced budget amendment is something that should pass—if Social Security is protected. If Social Security is not protected, everyone should be very, very cautious and afraid in

this body. But the fear generated from here should be for the people in America, those 70 percent of Americans who say you should not balance the budget on the backs of Social Security recipients, because if we do not exempt Social Security, as Willie Sutton has said, "We will go where the money is," and we will balance the budget, which will be fairly easy to do if you use Social Security. That is what will happen, and that is too bad.

I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio [Mr. DEWINE] is recognized.

Mr. DEWINE. Madam President, I rise today as a person who has spent the better part of the last 4 years traveling my great State and listening to the concerns of the people of Ohio. One thing I have found is that people are more skeptical than they have ever been before. I have really heard it everywhere I went. Today, people measure politicians not by the promises that they have made, but rather by the promises that they have kept. Empty promises simply no longer work. The people of this country want concrete action, not just promises.

Madam President, in 1992, people voted for change. But then there was not enough change, and so people did not see the concrete results. And then in 1994, they voted for change again. I ran in 1992. I ran in 1994, and I can tell you that people are fed up with promises. They want change and they want action. For the American people, nothing symbolizes Congress' inability to change, to back up words with action, more than Congress' unwillingness to balance the Federal budget.

Despite all the talk, year after year, Congress continues to run deficit after deficit. And if it is true that nothing symbolizes people's perception of Congress' inability to change more than our failure to balance the budget, I think it is also true that nothing will do more to restore people's faith in Congress, in the Government, in the country, than by passing a constitutional amendment that will mandate and compel a balanced budget.

The balanced budget amendment to the Constitution does represent fundamental change. This, Madam President, is the change the American people demanded, demanded in 1992 and again in 1994.

Over the last couple of days, we have had a somewhat academic debate about the balanced budget amendment. And I expect this debate will go on for a few more days, a few more weeks. The opponents of the balanced budget amendment tell us that we do not really need a constitutional amendment to balance the budget. They say all we really need is the political will.

Well, Madam President, I suppose that is right. I suppose that is technically true. But is there really anyone in this Chamber, is there really any Americans who believe that Congress,

without a balanced budget amendment, will balance the budget? Nobody I talk to believes that.

Let us do a reality check. Let us look at the past.

Madam President, we have not had a balanced budget since 1969—1969, the year I graduated from high school. We have had a deficit in 5 of the last 63 years. When we had a Republican President, we had a deficit. When we had a Democrat President, we had a deficit. When we had a Democrat Senate, we had a deficit. When we had a Republican Senate, we also had a deficit.

The reason the American people, 80 percent of them in a recent poll, support the balanced budget amendment is that they simply do not believe Congress will ever balance the budget any other way. And I must say, Madam President, the past would indicate the American people are absolutely correct. For 25 straight years we have not balanced the budget; 25 budgets in a row.

Madam President, what are the chances, without a balanced budget amendment, without the discipline that this will impose on this body, on the House, on the Congress, on the Government, what are the chances in the 26th year or 27th year or 28th year, 30th year, 35th year, we will not continue to do what Congress has done for the last quarter of a century and that is not balance the budget?

Madam President, a lot of people say that Americans are cynical today. I am not sure that is really true. But Americans have watched Congress try to balance the budget in each of the last 25 years and Congress has failed every time.

What the American people are saying is pretty simple. "Let's try something else. Let's try something else and see if that works."

Madam President, I do not call that cynicism. I call it realism.

You know, I do not think any of us who support the balanced budget amendment are really happy that we have to do this. It is a last resort. But really it is our only realistic hope. And I believe that we have to do it.

(Mr. THOMAS assumed the chair.)

Mr. DEWINE. Mr. President, the opponents like to talk about how the balanced budget amendment is a threat to our children; that it would devastate the investments we need to make in our children's future. Let us look at this and let us look at this argument because it is a very serious argument.

Mr. President, the word "cynical" might be the most appropriate way to characterize that particular argument. To run up a colossal mountain of debt, \$4 trillion and rising, a debt that threatens to leave our children's generation bankrupt is bad enough. But to use these very same children as an excuse for not biting the bullet on the budget deficit is just plain wrong.

Again, Mr. President, let us face the facts. If we do not pass the balanced

budget amendment, we simply will not have the money for investment in our children.

We are already paying over \$235 billion a year in interest on the debt. As my colleague, the Senator from Illinois, pointed out earlier today, that is eight times what we today invest in education. It is 50 times what we invest in job training. It is 145 times what we pay for early childhood immunizations.

Every year we add to this mountain of debt and every year we are committing more of tomorrow's resource to pay for Congress' failures of today.

What does the future look like for children if we do not balance the budget? Well, let me tell you. This, Mr. President, is what it would mean to continue with business as usual.

If we continue with business as usual, next year the Federal budget deficit is set to start growing again. By the year 2003, just 8 years from now, spending on entitlements and interest alone, entitlements and interest alone, will exceed 70 percent of the whole Federal budget. If you take out defense, it leaves you just 15 percent of the budget for all the discretionary spending and domestic needs—15 percent out of entire budget.

That means less than 15 percent for education—and these are cumulative for everything—less than 15 percent for education, for job training, for the Women, Infants, and Children Program, the WIC Program, for Head Start, for drug treatment, for employment training, for the environment, for housing, for all the other programs that help the American people here at home—just 15 percent of the budget for all these programs, all these programs, Mr. President, combined.

And by the year 2012, just 9 years later, we will be looking back on that 15 percent as the absolute golden age of investment in our domestic needs because by that time, by the year 2012, just 17 years from today, there will be nothing left in the budget for these social needs—zero; no money for children—unless we change the direction we are going in. Every last red cent in the Federal budget will go to entitlements and interest payments. And 2012 is a year that has significance for my wife and I and for many other people, I am sure, because just a year before that, our grandson Albert, we hope, will graduate from high school; our daughter Anna will be in her first year of college—2012.

This is the human cost of Albert and Anna, all our children and our grandchildren, will have to pay because of Congress' unwillingness to change.

Mr. President, to hide these facts and then to hide behind these very children who will be hurt the most if we do not act is worse than absurd. I find it unconscionable.

The American people no longer, Mr. President, care what we say. They are tired of excuses, evasions, rhetoric. They do not care if some of us say we can balance the budget. What they care

about is what we do. They are not listening to what we say. They are watching what we are about to do.

To say, Mr. President, that they are not happy with what Congress has done in recent years would certainly be a severe understatement. In the name of our future, in the name of our children, they are demanding change.

Mr. President, I will vote to create the change. I will vote in favor of the balanced budget amendment. It is a vote for less government, instead of more government. It is a vote for responsible government, instead of a runaway spending machine.

It is, Mr. President, the last hope of the American people for fiscal sanity and long-term solvency. This is the greatest gift we as Members of Congress can give to the next generation of Americans.

Mr. President, I yield the floor.

Mr. HATCH. Mr. President, I have been interested and I want to personally thank the distinguished Senator from Ohio for the excellent remarks he has made today. He has brought this whole matter into focus when he talks about the effects on his children and his grandchildren. I feel exactly the same. Elaine and I have 6 children, and our 15th grandchild is on the way. We have 14 now, but the 15th will be here in a couple of months, and who knows when there might be some others. We are not sure.

The fact of the matter is we are very concerned about them. I am concerned about all the children, and grandchildren. The Senator from Ohio makes a good point. There will not be child care moneys if we do not get things under control. There will not be job training moneys. Forget about Job Corps. What about welfare? What money we have will not be worth anything. What about Social Security, if money becomes devalued through inflation and, therefore, worthless? How are people going to live? How are people going to live? There are people today in this affluent society who barely get by. Can you imagine what it will be like for the unlucky ones of the future? Such things should not happen. We ought to do something about it. But I will say, it will be everybody who will have trouble getting by if we keep going the way we are going.

I am not just using scare tactics. It is true. Everybody knows it. People feel it. This is the first time in the history of this country where parents are fearful that their children will not have lives as good as they did, will not have opportunities as good as they have. The first time in history where parents feel that their children will not have the great opportunities for growth and advancement that they had. The reason that is so is because Congress does not have the fiscal mechanism in place to force Congress to do what is right.

I want to thank the distinguished Senator from Ohio for his excellent remarks, and the other Senators today, especially our Senators who are here

for the first time. They are here because of this issue, in part. People out there know this country is in trouble. They are here because people wanted them to vote for the balanced budget amendment. They are here because they make the difference.

Each Senator here makes a difference, including those who voted for the balanced budget amendment before. But these new Senators make up the difference from last year. We lost by four votes last time. Four votes. We had seven people who were here who voted with us last time who are now no longer here. That is 11 votes. We have picked up 11 new Senators, all of whom are on the Republican side and are going to vote for this balanced budget amendment. All of them were elected on the basis that they would vote for this balanced budget amendment. All of them are part of this revolution in our society, not a Republican revolution, but a revolution of people who are sick and tired of the way things are, of the status quo, who want a balanced budget constitutional amendment, for the express purpose of saving this country. Well, we have such an amendment here. It is not perfect. But nothing around here ever is. It is as perfect as it can be, as developed by both parties.

Now, let me just say a few words in response to the comments of my colleague from Nevada. And I do respect Senator REID from Nevada. He is a very dear friend and colleague. I have a great deal of feeling and affection for him. He said the Social Security trust fund will be raided if the balanced budget amendment is passed. That could not be more wrong. It just could not be more wrong. It will be raided if we devalue the dollar and make the dollars that are paid out in Social Security benefits worthless. And that is where we are headed if we do not have a balanced budget amendment.

The Social Security trust fund is not where the money is. This so-called surplus the distinguished Senator from California was showing us earlier with that big loop in the chart that she had, that money is not in a trust fund. Why this year's \$70 billion surplus will be used to buy Treasury bonds. There is no stash of cash waiting to be raided. It is already going to be taken out of that trust fund. And there is going to be a nice little Treasury bond piece of paper saying "guaranteed by the Government of the United States of America." And we will take that \$70 billion trust fund surplus and we are going to spend it on general budget items and spending programs.

That money is gone. There is no question about it. There is no trust fund full of money. There is a trust fund of paper promises that will be valuable only if we pass the balanced budget amendment and get this country's spending profligacy under control. But that big pile of paper will be valueless if we do not.

The only way we will get spending under control is to pass this balanced budget amendment. There are some who think even if we do this we might not get there. I was looking at James Q. Wilson's article yesterday in the Wall Street Journal. He is one of America's leading political scientists. He is one who was never for the balanced budget amendment, but boy he is now. He said, in essence, "I do not like it, but it is the only hope we have." I commend his reasons for now supporting the balanced budget amendment to my colleagues, and ask that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Jan. 30, 1995]

A BAD IDEA WHOSE TIME HAS COME

(By James Q. Wilson)

For yours I have been skeptical of a balanced budget amendment to the Constitution for all of the reasons that most of my colleagues in political science and many member of Congress so clearly express. Now I am a reluctant convert, not because I think the arguments against it wrong but because I think them beside the point.

There is no economic case for always having a budget that is balanced or in surplus. One doesn't have to be a Keynesian to know the occasional desirability of stimulating the economy by spending more than one takes in or the necessity of going into debt to make capital improvements. There are even a few economists who claim that, if we do our accounts properly, the budget is already balanced.

The problem with the economic objections to balancing the budget is that they fail to take into account the changed character of the American people and their representatives. From the time of George Washington to the time of Dwight Eisenhower, budgets were almost never in deficit except in wartime. But in those days the public expected rather little from Washington. They did not expect a federal solution to every problem—drugs, crime, education, medical care, and the environment. Their representatives generally believed that deficit spending was wrong, not simply imprudent, and to vote for it was to risk not only electoral retaliation but public censure.

It is astonishing that this culture—one of limited federal responsibilities and stringent fiscal prudence—should have survived for so long. Politics offers citizens this deal: Vote yourself big benefits now and let your grandchildren (or better yet, somebody else's grandchildren) pay for them. If you let the government borrow the money, you can get something for nothing. Yet for more than a century and a half, we turned down that deal. As a result, the annual deficit amounted, as late as 1955, to only 6% of federal outlays. Thirty-five years later, it was 18%.

James Buchanan, the Nobel laureate in economics, concluded from his study of our fiscal history that something akin to a Victorian ethos had restrained our spending. Now that ethos is gone, and with looming deficits in Social Security and Medicare, matters can only get worse.

There are serious political objections to the amendment as well. Won't Congress somehow cook the books so as to comply with the letter of the amendment but not with its purpose? Or if it doesn't cook the books, what is to prevent Congress from simply appropriating in excess of revenues, no matter what it had earlier resolved to do?

For years Congress found ways to circumvent or ignore the Gramm-Rudman balanced-budget resolution.

And if Congress evades the amendment in any of these ways, how will it be enforced? Will a taxpayer sue the secretary of the Treasury for writing checks based on deficit appropriations? It is not obvious he or she would have standing in the courts. And even if a court heard the case, what would it do? Send U.S. marshals to arrest the Budget Committees? Issue an injunction to shut down government?

Many members of Congress have made these points publicly and many more make them privately. But notice what they are saying: You cannot trust us to do what you, the public, wants. Your amendment will not give us any backbone. We will evade and cheat. Therefore, do not enact such an amendment so that we can ignore your will with complete impunity.

And even those members of Congress who say they will comply with it are unwilling to divulge what cuts they would make or what taxes they would raise in order to comply. Critics love to play the Social Security trump card: "You won't discuss Social Security or other entitlements, and yet you say you favor a balanced budget. Shame!"

Now we are at the heart of the matter, face to face with the reason why the balanced budget amendment is a bad idea whose time has come. Congressmen are elected by voters who want lower taxes, no deficit, and continued (or even more) spending. Almost every poll since the 1960s shows the same pattern.

The public has inconsistent preferences; the public wants something for nothing. Of course members of Congress will conceal their preferences, pretend that the public need make no hard choices, and take Social Security and Medicare off the table. To do otherwise is to court electoral disaster. Some leaders will try to finesse the issue by saying to the public that it can have lower taxes, no deficit, and more spending if only Washington would eliminate "waste, fraud, and abuse." It was never true, and I doubt many people still believe it.

Voters are the problem. The balanced budget amendment is aimed at them, not at politicians. When it is in place, the electoral logic changes. Now challengers can run against incumbents by saying, not simply that they didn't cut spending or didn't fund a popular program, but that they violated the Constitution. The enforcement of this amendment will be political, not legal. It will be an imperfect enforcement, but it will probably make a difference.

For one thing, it will put Social Security (and Medicare and everything else) back on the table. Congressmen will have to go to the public and say something like this: "What do you want, I cannot deliver. I wish I could. But you have to make some choices so that I can make some. What do you want most—lower taxes, more spending, or no deficit? I can't kid you anymore because the Constitution—and my opponent—won't let me."

I am not sure what the public will say. But whatever it is, it will be an improvement over its current free-lunch mentality.

Mr. HATCH. Mr. President, the Social Security trust fund will continue to invest any surplus in Treasury bills from here on in. We will have that mound of paper that will be worth something only if America is viable, but it will be worth nothing if we keep going the way we are going. And we will have sold Social Security recipients down the river. We can avert such

problems only if we adopt and comply with the balanced budget amendment.

I cannot, for the life of me, understand why people are so upset on the other side of this floor about the consensus balanced budget amendment. They know that if we do not do something to put a fiscal mechanism in place which will cause us to make priority choices among competing programs and get spending under control, that those trust fund Treasury bonds are not going to be worth the paper they are written on.

In the year 2015 the trust fund will start to draw down this so-called surplus by redeeming those Treasury bills. The only way to protect those funds is through a balanced budget amendment. If we did not pass this amendment we will not balance the budget. If we did not balance the budget, the Federal Government will have a tough, if not totally impossible job redeeming those bonds.

In fact, if we do not pass this amendment and balance the budget, it is highly likely that the Federal debt will be monetized. Now, this will only reduce the value of the Treasury bonds held by the trust fund, but by monetizing the debt it means that we print more money, inflate the economy, reduce the value of our money, which might go down to zero, and we pay off the debt with worthless money, lose our credit standing in the world community in the process, and trigger a worldwide depression.

Now, that is where we are headed. Make no bones about it. The only way to protect the Social Security trust fund and the Treasury bonds it buys, is to pass this amendment and balance the budget.

Now, Senator REID says we must exempt Social Security because what is where the money is. That just is not true. That is where the Treasury bonds are. There is no money there. There are only IOU's which will be valueless if we do not get spending under control.

How do we protect Social Security? We who support this amendment know how, through good economics, and through a balanced budget amendment. It is the best protection we could give them. The Social Security trust fund is not where the money is. There is no money there. There are only IOU's there.

We have already used the money to pay for other bills of the Federal Government and other spending items. The reason why we need a balanced budget amendment and why it should apply to Social Security is to ensure that the money is there to pay the IOU's to our seniors when those IOU's come due, and that those dollars they receive, when they get them, are worth something. Without a balanced budget amendment, there is some question whether we could repay our debt to our seniors, or whether the dollars will be worth anything at all. And Mr. President, the trust fund itself will run a

deficit in the future. And if it is allowed to run a deficit through an exemption in the balanced budget amendment there will be no incentive to balance the trust fund. But if the balanced budget amendment applies to Social Security, the Constitution will require Congress to have the money to pay our retirees. Real money. Not IOU's.

Not paper promises. Not a mountain of mere good intentions.

Well, I think it is very important that we understand these issues. If in the zeal to protect Social Security, such a proposed exemption defeats the balanced budget amendment, these folks in their zeal have will have actually killed Social Security, sooner or later.

Mr. President, the Senator from Nevada and I disagree on the merits of this issue, on the best way to protect Social Security, seniors, and our country's future. Let me reiterate that I believe the only way to assure that our Government is able to meet its obligation to future retirees is through the balanced budget amendment. It will help us ensure that we will have dollars that have worth, and that we have a nation and economy and a government that is worth passing on to our future generations.

That is what we are fighting for here. That is why I am spending this time and have for the last 18 years—now on the 19th year—spending my time trying to see if we can bring both sides together in a way that benefits this country, if not save the country.

This amendment is the best we can do, and it is as perfect as we can make it. It has bipartisan support. I really applaud those Democrats who are willing to stand up for it. There are not very many of them, but we hope that there are enough to pass this balanced budget amendment. We only need 15 to 17 of them out of the 47 that are here. I do not think that is too much to ask. And, frankly, there are courageous Democrats who are standing with us on the floor each day, like Senator SIMON, Senator HEFLIN, and others who are willing to pay the price to get this job done.

I just want to personally pay tribute to them and tell them how much I personally appreciate it. I really appreciate those 72 Democrats over in the House who had the guts to stand up against the majority in their party, had the guts to stand up and do what is right for this country.

Mr. President, I just want to make it very clear to everyone listening that if the American people do not get involved in this, if they do not realize that this is really bait-cutting time, if you folks out there do not start calling your Senators and letting them know how badly you feel about this and they had better support the balanced budget amendment, we may very well—we may very well—not get this job done.

Right now I believe that we have the votes to get it done. I believe that Senators, when they are really faced with the realities of what is really happen-

ing, and what will happen if we do not adopt this amendment at this time—this one rare time in history—after the House for the first time passed the balanced budget amendment, if we do not get it done, it is going to be a disaster for this country. I think they will vote for this amendment. We are all counting on it. But they will not do it if the American people do not let them know they want this done.

This is the time. We can no longer afford to spend beyond our means. We can no longer afford to not face the music. We can no longer afford not to enact implementing legislation pursuant to a balanced budget amendment that gets us on a glidepath to a balanced budget in the year 2002, and we can no longer afford the phony arguments against this.

For those who say, "Well, you ought to outline every cut you are going to make," that is the most phony argument of all. It is ridiculous. It was said earlier that it is like trying to tell the weather each year 7 years from now.

The fact of the matter is, during all the years of Democratic control of both bodies, they have never been able to come up in these last 26 years with a balanced budget. Not once. And they know and we know that it is going to take all 535 Members of Congress working together on implementing the balanced budget amendment, over a period of a year or more, to come up with a glidepath that will get us to the result of a balanced budget in the year 2002.

They also know that we will never get there if we do not pass the amendment which will force us to work together to get there.

That is in spite of the sincerity of many people in both bodies who want to get there and are always talking about getting there and saying we ought to do it. But many of those who say that are the biggest spenders in Congress. We all say it, but many of those who are saying it and saying we do not need a balanced budget amendment—saying that we ought to just have the guts to do it—are those who are some of the biggest spenders in Congress, who never want a balanced budget amendment because they do not want their spending habits curtailed, because that is what they believe has reelected them time after time.

Unfortunately, in some ways, that is true. But now that time is gone. We have to do what is right for America and get spending under control.

Mr. President, we have had a good debate today, and I believe that we will keep plodding ahead until we get to the point where we all have to vote and we all have to show where we are going to be on this matter. I can live with whatever the outcome is. I have been through this so long that I can live with whatever it is. But it will be a tragic thing if we do not pass a balanced budget amendment. I believe we will if the American people will get involved.

With that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL WOMEN AND GIRLS IN SPORTS DAY

Mr. HATCH. Mr. President, it is my understanding this has been cleared with the Democratic leader.

I ask unanimous consent that the Judiciary Committee be discharged from further consideration of Senate Resolution 37, National Women and Girls in Sports Day; that the Senate then proceed to its immediate consideration, and that the resolution be considered and agreed to; that the preamble be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

So the resolution was agreed to.

The preamble was agreed to.

The resolution (Senate Resolution 37) and its preamble are as follows:

S. RES. 37

Whereas women's athletics are one of the most effective avenues available for women of the United States to develop self-discipline, initiative, confidence, and leadership skills;

Whereas sports and fitness activities contribute to emotional and physical well-being;

Whereas women need strong bodies as well as strong minds;

Whereas the history of women in sports is rich and long, but there has been little national recognition of the significance of women's athletic achievements;

Whereas the number of women in leadership positions as coaches, officials, and administrators has declined drastically since the passage of title IX of the Education Amendments of 1972;

Whereas there is a need to restore women to leadership positions in athletics to ensure a fair representation of the abilities of women and to provide role models for young female athletes;

Whereas the bonds built between women through athletics help to break down the social barriers of racism and prejudice;

Whereas the communication and cooperation skills learned through athletic experience play a key role in the contributions of an athlete at home, at work, and to society;

Whereas women's athletics has produced such winners as Flo Hyman, whose spirit, talent, and accomplishments distinguished her above others and who exhibited the true meaning of fairness, determination, and team play;

Whereas parents feel that sports are equally important for boys and girls and that sports and fitness activities provide important benefits to girls who participate;

Whereas early motor-skill training and enjoyable experiences of physical activity strongly influence life-long habits of physical fitness;

Whereas the performances of female athletes in the Olympic Games are a source of inspiration and pride to the United States;